Economic Development

ESTIMATES

For the period ending March 31, 2007

Performance Report

Jean-Pierre Blackburn

Minister of Labour and Minister of the
Economic Development Agency of Canada
for the Regions of Quebec

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AGENCY OVERVIEW AND DEPARTMENTAL PERFORMANCE

1.1 Message from the Minister

I am pleased to present the *Departmental Performance Report* drawn up by the Economic Development Agency of Canada for the Regions of Quebec for the period ending March 31, 2007.

In its desire to reflect the Government's long-term *Advantage Canada* plan while taking into account the socio-economic development context of Quebec and its regions, the Agency rapidly put forward a series of measures to support the development of SMEs, particularly in devitalized regions.

So it was that in Fall 2006, in the wake of the different regional tours I had made after taking over this portfolio—tours which brought me fully up to speed on the different regional economic issues—I announced the establishment of the *Partnering with Enterprises for Commercialization, CEDI-Vitality* and *Community Economic Facilities for the Regions* measures, and set up 14 Advisory Committees, one in each region of Quebec. Two funds, one for business startups and the other for business succession, were also created and set up in conjunction with the Community Futures Development Corporations, Business Development Centres and venture capital corporations. Then in April 2007 three new programs came into effect: *Community Diversification, Business and Regional Growth*, and *Regional Development Research*.

This is therefore the last report covering the achievements realized through the Agency's old programs. The results it presents are proof positive of our desire as a regional development agency to make a real difference, particularly where economic growth is slow and employment inadequate.

I am pleased to emphasize that, as at March 31, 2007, the Agency had invested $1.3 billion to support the startup or continuation of the 2,261 projects that were in progress. Agency contributions have brought about a substantial leverage effect in the regions of Quebec, since these projects have generated investment totalling $4.2 billion. This investment has contributed to the pre-startup or startup of more than 2,700 enterprises and the creation, maintenance or transformation of 18,000 jobs.

I am convinced that the changes introduced over the past year help the Agency act even more effectively as a catalyst in supporting projects which contribute to the economic development of the regions of Quebec.

Jean-Pierre Blackburn

Minister of Labour and Minister of the
Economic Development Agency of Canada
for the Regions of Quebec

1.2 Management representation statement

I submit for tabling in Parliament the *2006-2007 Departmental Performance Report* for the Economic Development Agency of Canada for the Regions of Quebec.

This document has been prepared based on the reporting principles contained in the *Guide to the Preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports:*

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance.
- It is based on the department's Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board.
- It presents consistent, comprehensive, balanced and reliable information.
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it.
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Guy Mc Kenzie
Deputy Minister/President

Date: 21/9/2007

1.3 Summary

Raison d'être

Under its enabling legislation, which came into effect on October 5, 2005, the object of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate. In carrying out its object, the Agency shall take such measures as will promote cooperation and complementarity with Quebec and communities in Quebec.

Vision

To enhance the well-being and standard of living of Quebecers through investment in regional development which caters to the needs of regions, communities and enterprises and helps them adjust to the challenges of the global economy.

To contribute to Canada's performance through strong economic growth

building on its 14 business offices, the Agency targets two strategic outcomes in the long term

Vitality of communities

Dynamic, revitalized Quebec communities enjoying better socio-economic prospects: the Agency enhances the quality of life of Canadians by revitalizing Quebec communities through intervention supporting local and regional mobilization, emergence of new entrepreneurs, creation of small enterprises, attraction of tourists and retention of skilled workers.

Enterprises' competitiveness

Competitive Quebec regions and SMEs through the presence of conditions conducive to sustainable growth: the Agency improves Canadians' standard of living through lasting strategic investment in increasing the capability of Quebec regions, networks, knowledge institutions and SMEs to compete on the national and global stage.

Four departmental priorities

The four chosen priorities are of two kinds: two are program priorities, and two are management priorities.

Program priorities

The Agency seeks to:

- intensify its intervention in regions and communities in transition
- reinforce the performance of innovative SMEs in key sectors.

Management priorities

The Agency seeks to:

- reinforce its capacity to design effective policy and programs
- equip itself with the processes and systems it needs to increase its capacity to practise results-based management.

Through an integrated approach to regional development

- *Global:* take economic, social, cultural and environmental dimensions into account in the design of policy, programs and initiatives.
- *Territorial:* establish strategies geared to the type of area defined in terms of similar socio-economic issues.
- *Horizontal:* build on cooperation and collaboration with federal partners, the Government of Quebec and Quebec communities.
- *Participatory:* elicit participation by the economic agents concerned.

In relation to several promoters, in particular

- enterprises (most often SMEs)
- non-profit organizations (NPOs).

By eliciting and supporting development

- through provision of guidance and advice services
- through drafting of analyses of issues, forward-looking studies, referrals and information
- through application of financial assistance programs.

By using its human and financial resources

- total actual expenditures in 2006-2007: $364,899,000
- 417 full-time equivalent employees (FTEs) authorized.

So as to

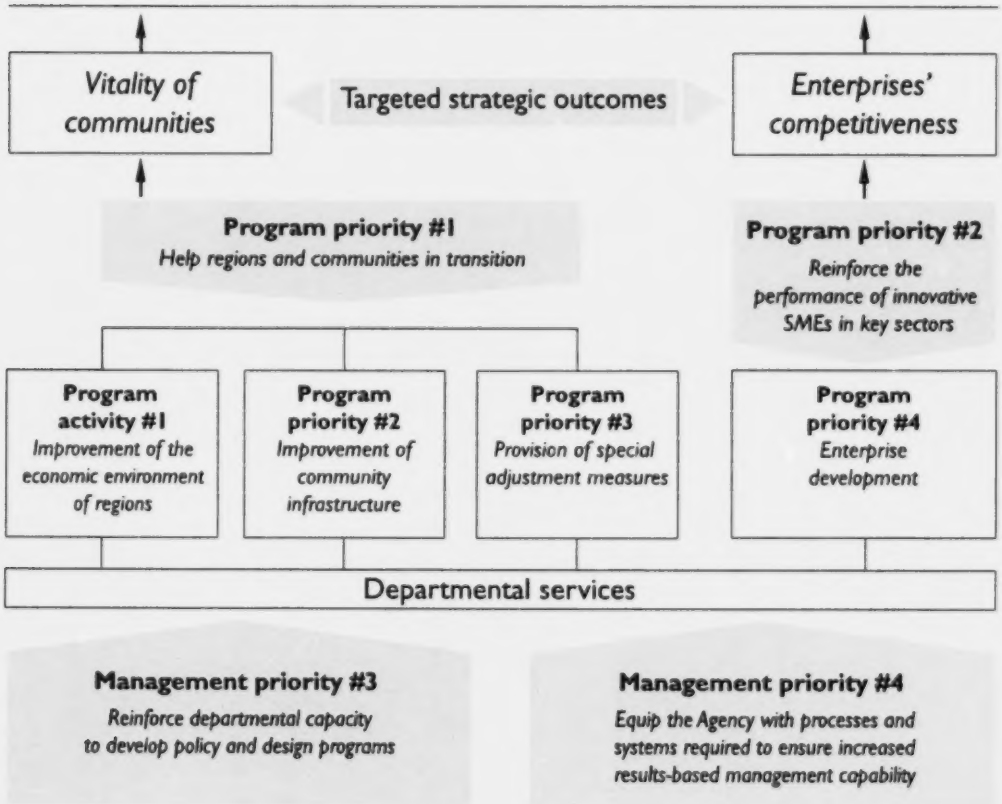
- develop the capabilities, competencies, knowhow and business networks of local and regional entrepreneurs and economic agents
- facilitate participation by economic agents in the design and implementation of a strategic vision, plan and projects for the development of their region.

The following diagram presents the Agency's planning framework, specifying its mission, the strategic outcomes it seeks to attain, and the program activities it implements in order to attain them.

OUR RAISON D'ÊTRE...

To promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate. In carrying out its object, the Agency shall take such measures as will promote cooperation and complementarity with Quebec and communities in Quebec.

For Canadians, this means enhanced well-being and standard of living through investments in regional development which cater to the needs of regions, communities and enterprises and help them adjust to the challenges of the global economy.


Vitality of communities
Targeted strategic outcomes
Enterprises' competitiveness
Program priority #1
Help regions and communities in transition
Program priority #2
Reinforce the performance of innovative SMEs in key sectors
Program activity #1
Improvement of the economic environment of regions
Program priority #2
Improvement of community infrastructure
Program priority #3
Provision of special adjustment measures
Program priority #4
Enterprise development
Departmental services
Management priority #3
Reinforce departmental capacity to develop policy and design programs
Management priority #4
Equip the Agency with processes and systems required to ensure increased results-based management capability

1.4 Departmental performance

This Departmental Performance Report covers the period ending March 31, 2007. Created in 1994 and renewed in 2001, the Innovation, development of entrepreneurship and access program for SMEs (IDEA-SME) aimed to support SMEs' growth by helping them innovate and export. For its part, the Regional Strategic Initiatives (RSI) program, set up in 1997, adapted to the specific strategic needs of the different regions of Quebec and aimed to support their capacity to build on technological innovation and adjust to a constantly evolving global economy. These two programs terminated March 31, 2007. This is the last Departmental Performance Report to review the results of these two main grants and contributions programs.

New programs were approved effective April 1, 2007, in line with the Agency's new strategic directions, which constitute the long-term strategy for meeting the challenges of regional development. Thus, the Agency intends to contribute to the economic dynamism of the regions by focussing its intervention and investment on the vitality of communities, SMEs' competitiveness and the competitive positioning of the regions. The new programs—*Community Diversification, Business and Regional Growth,* and *Regional Development Research*—were approved for five years, and are in line with the new Program Activity Architecture described in the *Report on Plans and Priorities 2007-2008.*

1.4.1 Context

Quebec's economic situation

The Quebec economy grew by 1.7% in 2006, more slowly than in 2005 (2.2%). Its growth was also lower than the overall Canadian rate (2.7%) that was boosted by the fast growing Alberta economy.

Quebec's economic growth is primarily attributable to an increase in consumer spending (the latter accounting for some 60% of the province's gross domestic product). It is also led by the 7.4% increase in investment in machinery and equipment made by Quebec enterprises. On the other hand, Quebec's higher trade deficit, with its imports rising faster than its exports, slowed its economic growth in 2006.

The labour market performed well in 2006. Some 50,000 net jobs were created in Quebec, and the jobless rate fell to a 30-year low of 8%. Moreover, Quebec's sound employment performance was maintained during the first quarter of 2007.

That being said, the Quebec economy has to remain competitive. This necessarily involves higher productivity. Despite an improvement over the past decade, Quebec's productivity is still 5.9% below that of Canadian provinces as a whole, and 10.5% below Ontario's. It is also lower than in most OECD countries.

Closing the productivity gap in Quebec will require increased investment. But while investment by Quebec enterprises has risen, it remains lower than elsewhere in Canada and around the world. Moreover, Quebec does not attract sufficient foreign direct investment, witness the fact that its share of foreign capital investment is lower than its weight in the Canadian economy. An increase in this type of investment could have a positive impact on the productivity of local enterprises which integrate with value chains.

An increase in enterprises' productivity will also require innovation. While active in research and development (R&D), Quebec enterprises, especially SMEs, often suffer from their difficulty commercializing new products and services.

Furthermore, the rise in the Canadian dollar, competition from emerging nations and the slowdown in the U.S. economy in the second quarter of 2006 and early 2007 have slowed growth in several sectors of the Quebec economy.

On the goods production front, no fewer than 25,000 positions were eliminated in Quebec. Sound performance from the construction sector was not sufficient to offset the loss of some 34,000 jobs in 15 manufacturing industry sectors. For manufacturing, 2006 was the worst of the past four years. The textiles, paper manufacturing, printing, and rubber and plastics products sectors were especially hard hit.

Nevertheless, the service industry, which generated some 75,000 new jobs in 2006, continues to do more than offset the weakness of the labour market on the manufacturing front. This increase in employment was seen in several sectors of the tertiary economy, especially finance, insurance, real estate, professional, scientific and technical services, and educational services.

The areas defined in the Agency's strategic directions:

- *Metropolitan Montréal* includes the municipalities on the Île-de-Montréal, Laval and Longueuil, and the cities and towns of the Northern and Southern Rings of Quebec's largest city
- *major urban centres* include the Québec City census metropolitan area (CMA) and the Quebec part of the Ottawa-Gatineau CMA
- *central areas* are those located between an hour and an hour and a half by road from one of Quebec's three major CMAs
- *outlying areas* are those located outside central areas.

However, the different areas of Quebec (see box) do not all post the same economic performance. Nor do they face the same challenges.

Metropolitan Montréal has lower productivity than many of the world's large cities. This area, where most of Quebec's R&D spending is concentrated, is facing some especially tall challenges with respect to innovation. Indeed, as a result of competition from emerging nations it lost 17,000 manufacturing jobs in 2006. Further bad news: the Montréal metropolitan area posts slower demographic growth than the main Canadian cities, but has trouble attracting and retaining immigrants.

Quebec's major urban centres, Québec and Gatineau, posted a sound socio-economic performance overall. In 2006, they recorded high employment rates, and jobless rates below the Quebec average (5.2% in Québec and 5.6% in Gatineau). But these two areas, which still count heavily on the presence of the public sector, will have to continue diversifying their economies.

Many very small enterprises and manufacturing firms are located in the central areas, so these areas are especially hard hit by the adjustment difficulties encountered by the secondary sector. Their competitiveness will involve an improvement in the productivity of manufacturing SMEs and their adoption of new technology.

The outlying areas, where primary industries predominate, will have to adapt their natural resource management policies and diversify their economic base. The aging of the population particularly affects these areas, some of which are already seeing a substantial demographic decline.

Organizational context

In May 2006, the Agency reviewed its operations in order to improve the quality of its management, be more transparent and responsible and attain more effectively the results it has set itself. This approach led it to make changes in its organizational structure that will help it achieve its objectives and obtain the planned results. This restructuring made it possible to establish clearly the roles and responsibilities of the Agency's different branches.

Programs, measures and initiatives

The Agency has access to a varied range of tools to support regional development in Quebec: it offers financial assistance, provides guidance and advice, and produces analyses, referrals, forward-looking studies and information.

The Agency's intervention to support socio-economic agents in the regions of Quebec in meeting the challenges and resolving the problems they are faced with is carried out through different programs or initiatives.

During Fiscal Year (FY) 2006-2007, seven programs[1] were administered by the Agency:

- Innovation, development of entrepreneurship and access program for SMEs
- Regional Strategic Initiatives program
- Community Futures Program (CFP)
- Infrastructure Canada Program (ICP)
- Municipal Rural Infrastructure Fund (MRIF)
- Canadian Textiles Program (CANtex)
- Canada Strategic Infrastructure Fund (CSIF).

1 Certain programs represent mandates entrusted to the Agency by the Government of Canada or other federal departments. See Appendix 1 for further information.

As set out in the *Report on Plans and Priorities 2006-2007*, six new initiatives and measures were announced in the Fall:

- Community Economic Diversification Initiative – Vitality (CEDI-Vitality)
- Community Economic Facilities for the Regions support measure
- Venture Capital Fund for Business Startups in the Regions
- Capital Fund for Business Succession[2]
- Partnering with Enterprises for Commercialization
- Advisory Committees.

These measures were drawn up following a tour of the regions of Quebec by the Minister, who asked the Agency to focus more on devitalized regions and to target SMEs more directly.

For further information on the six initiatives, see
www.dec-ced.gc.ca/asp/ProgrammesServices/ProgrammesServices_intro.asp?LANG=EN

2 These two venture capital funds were set up in collaboration with the Community Futures Development Corporations (CFDC) and Business Development Centres (BDC), with support from venture capital corporations active in Quebec.

NEW INITIATIVES AND MEASURES

During FY 2006-2007, the Agency approved 341 contribution agreements, for total assistance amounting to $61 million. Primarily reached under the CEDI-Vitality initiative, these 341 agreements contribute to the injection of more than $219 million in investment in regions and communities facing major socio-economic development challenges.

Most of this intervention (65%) was carried out in relation to SMEs. For each dollar injected by the Agency in 2006-2007 in a project presented by an enterprise, a further $4 or so will be invested in the different regions of Quebec by the parties involved in the projects.

(in thousands of dollars)

Type of promoters	**Number**	**Agency assistance**	**Total value of projects**
Enterprises	221	*28,393*	*111,854*
Organizations	120	*32,642*	*107,497*
Total	**341**	***61,036***	***219,352***
Type of initiatives			
CEDI-Vitality[1]	336	*45,546*	*161,117*
Venture Capital Fund for Business Startups in the Regions and Capital Fund for Business Succession	2	*13,000*	*54,600*
Other initiatives	3	*2,490*	*3,635*
Total	**341**	***61,036***	***219,352***

Note:

1 The data in this row reflect projects approved under the Fishing Community Economic Diversification Initiative and the Community Economic Diversification Initiative – Coulombe Report. Of the 336 projects, 150 (45%) have been approved since the announcement of the new, expanded initiative, CEDI-Vitality, which targets Quebec's seven regions with slow economic growth and 21 devitalized regional county municipalities (RCMs). These regions and RCMs are listed in Appendix 1.

THE AGENCY'S SIX NEW INITIATIVES

	CEDI-Vitality	Community Economic Facilities for the Regions	Venture Capital Fund for Business Startups in the Regions	Capital Fund for Business Succession	Partnering with Enterprises for Commercialization	Advisory committees
OBJECTIVE	CEDI-Vitality targets the diversification of regional economies and creation of sustainable employment. This measure enables small enterprises and organizations to start up diversification and development projects that contribute to improving economic conditions in the regions.	This measure aims to help regions and communities experiencing slow economic growth to acquire sustainable community economic facilities.[1] It contributes to reinforcing their industrial base, revitalizing their economy and fostering trade.	This fund aims to elicit the creation of enterprises that otherwise would have been unable to get off the ground.	This fund aims at maintaining enterprises and their decision-making centres in the regions where they are established.	This measure aims to facilitate development of enterprises' international business activities.	The mandate of the advisory committees is to advise the Minister on developments in each region's economic situation and needs, directions and priorities that could be favoured by the Agency there, and the selection of promising niches.
DESCRIPTION OF MEASURE	Through this measure, the Agency supports the development of entrepreneurship, conversion or startup of new enterprises, and implementation of flagship projects generating sustainable employment.	These projects must foster direct strengthening of the region's industrial base, generate direct, measurable short- and medium-term spinoffs, lead to the creation of a significant number of sustainable jobs, reinforce enterprises' access to key markets outside the region and enable a region or community to acquire sustainable competitive advantages.	It will help support the creation of enterprises which would not have got off the ground without this new source of capital. Only 4% of venture capital invested in Quebec is currently invested outside Montréal, Québec and Gatineau.	This initiative should help increase the number of successful SME transfers, (particularly intergenerational transfers owner-employee or parent-child), and help maintain existing businesses, jobs and decision-making centres in the regions. It should thus contribute to reinforcement of the regional economic fabric.	The Agency supports the hiring of a new resource specializing in market development.	The Agency supports the establishment of an advisory committee in each of Quebec's 14 regions. The advisory committee generally consists of a chairperson and from four to six members appointed by the Minister.
	CEDI-Vitality has a notional envelope of $85 million over four years.	This measure has a notional envelope of $30 million over two years.	The Agency's financial contribution to this initiative stands at $5 million for 12 months. CFDCs, BDCs and venture capital corporations are co-operating with the Agency.	The Agency's financial contribution to this initiative stands at $8 million for 12 months. CFDCs, BDCs and venture capital corporations are co-operating with the Agency.	This measure has a notional envelope of $5 million per year for four years.	

Note:

1 Community economic facilities are tangible physical assets whose use and short- and medium-term economic spinoffs benefit the community as a whole. Examples include ferry wharves or communication structures, such as broadband networks.

HUMAN AND FINANCIAL RESOURCES

	2006-2007		
	Planned spending	Total Authorities	Actual expenditures
Financial resources *(in thousands of dollars)*	***381,329***	***411,276***	***364,899***
Contributions and grants	*331,165*	*360,423*	*316,125*
Operations	*50,164*	*50,853*	*48,774*

	2006-2007		
	Planned	Actual	Difference
Human resources (FTEs)	**408**	**417**	**9**

Impact of the Government's spending review on the Agency's level of activity and performance in 2006-2007

In the 2006 Budget Speech, Canada's new government undertook to save $1 billion by eliminating or streamlining inefficient programs and activities. In September 2006, as part of its Effective Spending exercise, the Government cut the funding in support of Canada's apparel and textile industries by $24.9 million. This reduction, reflecting decreased participation in this program by enterprises, affected the implementation of the Canadian Textiles Program CANtex.

For further information on Effective Spending, see www.tbs-sct.gc.ca/media/nr-cp/2006/0925_e.asp.

1.4.2 Overview of Agency performance

Overview of overall performance

As of March 31, 2007, 2,261 projects were in progress in the regions of Quebec as a result of the Agency's financial support. In all, these projects represent a $4.2-billion regional economic development and diversification effort. This total was invested by all development agents and fund providers taken together. In other words, each dollar injected by the Agency directly generated more than $3.17 in investment in the economy of Quebec communities and regions.[3]

Methodology

The Agency's performance measurement strategy uses two data collection methods:

- yearly telephone survey conducted on promoter enterprises
- mechanism for project tracking vis-à-vis organizations by Agency advisors (see Appendix 2)

Of these 2,261 projects, just over a third had terminated on March 31, 2007. So it is hard to assess the impact of these projects on the development of communities and regions, since this impact has not yet fully occurred (see box). But based on the data available to it, the Agency considers that a minimum of 18,000 jobs[4] were created, maintained or transformed in all Quebec regions as a result of the 2,261 projects carried out with its financial support.

According to the survey conducted within the framework of this Departmental Performance Report, the Agency's presence and involvement were indispensable to carry out projects. More than 97% of promoters could not have carried out their projects without the financial assistance from the Agency or could not have carried them out on the same scale or within the same timeframe.

Similarly, a large proportion of enterprises stated that the assistance they received helped them increase their sales and improve their competitive position.

The Agency also continued its efforts to improve enterprises' performance. Thus, in many cases intervention led to the development of new products, commercialization of innovations and development of higher-performance processes or integration of new business practices.

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3 Calculation of leverage effect:
- number of projects in progress as at March 31, 2007 = 2,261
- total value of projects supported = $4,173,922
- financial commitment with respect to these projects: $1,314,412

4 This number does not include jobs created, maintained or transformed through CFDC and BDC intervention.

Results-based management: scope and limitations

The Agency uses a results-based management approach. In this regard, it aims at different levels of results: immediate, intermediate and final. Clearly, by their very nature, the results of Agency intervention may become apparent over a period of more than one year. The methodology behind the Performance Report (yearly survey and information collection) does not allow for measurement of final results, so this report documents only part of the results which Agency intervention contributes to attaining. For instance, municipalities' capital projects or SMEs' innovation projects may be spread over more than one year, so anticipated results do not necessarily arise during the year in which the projects were approved and the contributions paid. Moreover, the results of projects that ended shortly before (notably in terms of job maintenance or creation) are often slower to appear, and therefore cannot be documented here. This report therefore presents primarily the immediate results attained, along with certain intermediate results.

The following table is a partial list of some 20 indicators of tangible results associated with the Agency's action. These results stem from direct intervention by the Agency vis-à-vis enterprises, and from intervention by intermediate organizations which received Agency support, whose mission in some cases is to provide services to enterprises. Further details on each of the strategic outcomes achieved by the Agency are presented in Section 2.

AGENCY'S OVERALL PERFORMANCE

Main results observed as at March 31, 2007[1]

2,261 projects carried out by organizations and enterprises with Agency support are in progress

Commercialization and export indicators	▪ 307 new enterprises are exporting their products or services ▪ 715 enterprises made sales on new markets
Innovation and productivity indicators	▪ 1,095 enterprises developed an innovation action plan ▪ 901 enterprises designed a new product or improved an existing product ▪ 149 enterprises developed higher-performance processes ▪ 401 enterprises developed new products or services ready to be commercialized ▪ 14 enterprises obtained a patent
Business growth indicators	▪ 2,777 enterprises are in pre-startup, startup or expansion ▪ 94 enterprises modernized or expanded their facilities or equipment ▪ 169 enterprises increased their sales ▪ 219 enterprises increased their profitability ▪ 248 enterprises improved their competitive position
Employment indicator	▪ More than 18,000 jobs were created, maintained or transformed
Indicator of regions' and communities' dynamism	▪ 775 local or regional development strategies or projects were designed or implemented in Quebec regions and communities
Incentive nature of Agency financial assistance	▪ More than 97% of promoters could not have carried out their project without Agency financial assistance or could not have carried it out on the same scale or within the same timeframe.
Leverage effect in the regions of Quebec	▪ $1 from the Agency ➔ $3.17 in investment

Resources invested[2] to generate the results indicated above

Total expenditures of $744,582,000 were incurred in order to support projects in progress (including prior year spending). This figure includes actual expenditures of $316,125,000 for FY 2006-2007. The *Report on Plans and Priorities 2006-2007* projected expenditures of $331,165,000.

Notes:

1 See technical notes for the table in Appendix 3.

2 Excludes operating expenditures.

1.4.3 Results obtained with respect to the Agency's main priorities

Agency priorities

In the *Report on Plans and Priorities 2006-2007*, the Agency had undertaken to pursue four priorities. These priorities were of two kinds: two were program priorities, while two were management priorities.

PROGRAM PRIORITIES	MANAGEMENT PRIORITIES
▪ *Help regions and communities in transition*	▪ *Reinforce departmental capacity to develop policy and design programs*
▪ *Reinforce the performance of innovative SMEs in key sectors*	▪ *Equip the Agency with processes and systems required to ensure increased results-based management capability*

The priorities represent areas of intervention where the Agency has chosen to intensify its action so as to respond more effectively to government priorities, to socio-economic challenges of the regions, or to ensure more effective management of the organization. The intervention selected under the priorities constitutes only part of the Agency's overall action. Thus, in its *Report on Plans and Priorities 2006-2007*, the Agency intended to devote about half of its grants and contributions budget to its priorities. Other intervention not defined in terms of priorities constitutes its current activities.

Program priorities

Priority #1: *Help regions and communities in transition*

Intervention carried out under the *Help regions and communities in transition* priority[5] targets reinforcement of economic activity in seven devitalized regions (Abitibi-Témiscamingue, Bas-Saint-Laurent, Côte-Nord, Gaspésie—Îles-de-la-Madeleine, Mauricie, Nord-du-Québec and Saguenay—Lac-Saint-Jean) and 21 regional county municipalities (see Appendix 1). These regions and RCMs, numbering a total of 795 municipalities and some 1.6 million residents (a fifth of Quebec's total population), are experiencing economic difficulties, one of the effects of which is a substantial demographic decline.

In geographical terms, these regions and RCMs are far removed from the major North American consumer markets. They exhibit little economic diversification, so are vulnerable when demand for their main products flags. They also have increasingly to adjust to the tightening of rules governing the harvesting of their natural resources (e.g. reduced stumpage dues). Their development mainly depends on primary industries, which create a relatively limited number of jobs. Finally, access to diversified funding sources and the resources required to reinforce local entrepreneurship are often lacking.

The Agency helps communities and regions in transition by carrying out intervention aimed at reducing their socio-economic adjustment difficulties, renewing their entrepreneurial base and facilitating their economic diversification. The table below, *Summary of performance by program priority*, shows a number of the results attained by the Agency.

In 2006-2007, expenditures made in this regard ($70.9 million) were higher than the planned objectives ($63.5 million) as presented in the *Report on Plans and Priorities 2006-2007*. This discrepancy is attributable in particular to the introduction by the Agency, as early as September 2006, of new initiatives and intervention measures, including the Community Economic Diversification Initiative – Vitality (CEDI-Vitality).

5 In 2006-2007, the Mauricie region and 21 devitalized RCMs were added to the list of six resource regions to which the Agency was already devoting attention (see Appendix 1).

Priority #2: *Reinforce the performance of innovative SMEs in key sectors*

The Agency also contributes to increasing SMEs' competitiveness by intervening to reinforce their innovation capability, foster their integration with value chains and facilitate their networking with participants in sectoral clusters. Under this second priority, the Agency also seeks to support an increase in the international outreach of Quebec's regions by attracting international organizations to them.

In order to achieve implementation of the *Reinforce the performance of innovative SMEs* priority, the Agency planned to pay special attention to improving the competitiveness of SMEs in key sectors in the different areas of Quebec. Thus, in 2006-2007, the Agency's expenditures in this priority field totalled $39.6 million, exceeding the planned spending figure of $33 million.

Actual expenditures made by the Agency in pursuit of its two program priorities were higher than the planned objectives. Expenditures associated with these two priorities correspond to close to 50% of the Agency's grants and contributions budget.

SUMMARY OF PERFORMANCE BY PROGRAM PRIORITY

	(in thousands of dollars)	
	Planned spending	Actual expenditures
Strategic outcome – *Vitality of communities*		
Program activity – *Improvement of the economic environment of regions*		
Priority #1		
Help regions and communities in transition	*63,450*	*70,944*

Intervention carried out by the Agency, whether directly vis-à-vis SMEs or indirectly vis-à-vis economic development support organizations, contributed, as of March 31, 2007, to the attainment of the following results:

- development or implementation of 542 development strategies or projects in communities in transition
- pre-startup or startup of 300 new enterprises in different sectors, particularly manufacturing and aluminum processing
- adoption of new business practices by 363 enterprises
- reinforcement, for 38 enterprises in communities in transition, of cooperative links with universities, research centres or enterprises
- emergence of 94 new exporting enterprises and development of products or services ready to be commercialized in communities in transition by 102 enterprises
- creation and maintenance of 4,315 jobs.

Strategic outcome – *Enterprises' competitiveness*		
Program activity – *Enterprise development*		
Priority #2		
Reinforce the performance of innovative SMEs in key sectors	*33,000*	*39,578*

Intervention carried out by the Agency, whether directly vis-à-vis SMEs or indirectly vis-à-vis economic development support organizations, contributed, as of March 31, 2007, to the attainment of the following results:

- reinforcement of the capability of 89 enterprises to make innovations and commercialize them
- increase in the number and value of subcontracts for 67 enterprises
- establishment in Quebec and expansion of activities of four international organizations, contributing to the creation of 80 jobs for skilled workers
- more than $620 million in foreign investment in the Montréal area, leading to the creation or maintenance of more than 3,500 direct and indirect jobs
- creation and maintenance of 3,749 jobs.

Management priorities

In 2006-2007, the two management priorities chosen by the Agency were to reinforce its capability to develop policy and design effective programs and equip itself with the processes and systems it needs to practise results-based management more effectively.

The Agency was also to renew its programs and meet the expectations expressed in the *Management Accountability Framework* (MAF).

Priority #3: *Reinforce departmental capacity to develop policy and design programs*

This priority involved reinforcing the Agency's capacity to develop policy and design programs at a time when its main programs (Regional Strategic Initiatives and Innovation, development of entrepreneurship and access programs for SMEs) were expiring in March 2007. It is linked to the MAF *Policy and Programs* element. In a results-based management context, this capacity is important for the organization, as it helps provide a framework for Agency intervention with a view to attaining the results it has set itself. Thus, the Agency continues to develop its policy and analytical capability so as to be able to generate the knowledge required concerning implementation of the strategic directions for 2006-2011 and lead to development of high-quality options with respect to policy, program design and advice for the Minister and senior management.

To realize this priority, the Agency implemented the following elements:

- In a concern to reinforce this capability, the Agency conducted a corporate restructuring which led to the creation of a directorate responsible for policy development and program design.
- During program design, considerable effort was devoted to analysing issues and trends, evaluating existing programs and policy, consulting with experts and training Agency staff, and preparing tools supporting them in program implementation. The Agency also undertook work to provide a framework for its intervention with respect to tourism and innovation.

- The Agency developed three new programs in line with its strategic directions approved in May 2006:
  - ***Community Diversification*** program (targets vitality)
  - ***Business and Regional Growth*** program (targets competitiveness of SMEs and regions)
  - ***Regional Development Research***[6] program (targets strategic research)

For further information on the new programs, visit:
www.dec-ced.gc.ca/asp/ProgrammesServices/ProgrammesServices_intro.asp?LANG=EN&HEADER=PROG_SERV&SEL_MENU=CHOIX_REGION

- The Agency developed and implemented the six new initiatives described above. These initiatives were announced by the Minister in Fall 2006 with a view to providing more effective support to SMEs and "devitalized" regions.
- The Agency drew up its fourth *Sustainable Development Strategy 2007-2010.*

For further information on the Agency's Sustainable Development Strategy, visit:
www.dec-ced.gc.ca/asp/Publications/doc_strat_dev.asp?LANG=EN

- The Agency developed and implemented targeted criteria and terms and conditions with respect to development of ports of call for international cruises in order to increase the number of cruise ships, and the number of cruise passengers from outside Quebec, as well as tourist spending, along with the creation and maintenance of jobs.

6 Initially scheduled for April 1, 2007, implementation was postponed to 2008-2009.

Priority #4: *Equip the Agency with processes and systems required to ensure increased results-based management capability*

Three years ago, the Government of Canada introduced a tool to support federal departments and agencies in improving their management practices: the *Management Accountability Framework*.

> The *Management Accountability Framework* sets out the Treasury Board's expectations of senior public service managers for good management of departments and agencies. The MAF is structured around 10 key elements that collectively define "management" and establish the expectations for good management of a department or agency.
>
> See : www.tbs-sct.gc.ca/maf-crg/index_e.asp

Being required to implement all the components of the MAF, the Agency seeks the continuous improvement of its efficiency and effectiveness. To manage its activities better, make better use of its resources and continue to learn, the Agency has set itself a fourth priority: to develop the processes and systems it needs to practise better results-based management.

To realize this priority, the Agency implemented a plan containing the following elements:

- Continued implementation of integrated planning.
- Implementation of its *Management, Resources and Results Structure*; in Spring 2006, the Agency introduced a new Program Activity Architecture and reviewed its governance structure.
- Establishment of information management processes. Since performance measurement depends from the outset on the Agency's capacity to access reliable, accurate data on the results and costs of its programs and activities, it began work that will lead to implementation of a performance information management system that is more effective on both the technical and the organizational fronts. Agency management is conscious that to evaluate the effectiveness of its new programs, the results targeted by those programs must first be clearly defined. So the Agency began translating the results it has set itself into precise indicators. In the medium term, it wishes to be in a position to specify the levels of results to be attained.[7]

7 The Agency has also continued to improve the tools that enable it to produce opinions and recommendations on the timeliness of its programs and initiatives, the quality of their design, their effectiveness, implementation and management, and the miscellaneous risks associated with their application.

- Review of its operating methods, which translated into:
  - development and deployment of an activity-based costing system, enabling senior management to improve their understanding and management of costs associated with activities related to administration of the Agency's programs
  - development and deployment of a budget allocation model equipping the Agency with higher-performance methods of allocating its resources on the basis of its mandate and targeted strategic outcomes
  - implementation of an initiative to optimize management of contribution agreements through, among other things, re-engineering of the payment process and agreement tracking.
- Self-assessment of its capacity to apply the MAF.

2

ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

This section presents the results attained by the Agency on the basis of the Program Activity Architecture (PAA) which covered its operations in 2006-2007.

The PAA shows how the Agency allocates and manages the resources it controls in order to attain its targeted results. The PAA clearly associates the Agency's program activities and priorities with the strategic outcomes targeted by the Agency. By making the connection between the Report on Plans and Priorities and the Departmental Performance Report, the PAA makes it possible to monitor the progress made by the Agency.

PROGRAM ACTIVITY ARCHITECTURE

Organization	Economic Development Agency of Canada for the Regions of Quebec	
Strategic outcomes	***Vitality of communities***	***Enterprises' competitiveness***
Program activities	- *Improvement of the economic environment of regions* - *Improvement of community infrastructure* - *Provision of special adjustment measures*	- *Enterprise development*

The Agency chose to target two strategic outcomes during FY 2006-2007: *Vitality of communities* and *Enterprises' competitiveness*. The profile of the Agency's intervention first presents its achievements in 2006-2007.

2.1 Profile of intervention by strategic outcome in 2006-2007

The table below presents the number and value of contribution agreements approved by the Agency during FY 2005-2006 and 2006-2007.

During FY 2006-2007, the Agency signed 957 new contribution agreements. More than one third of them were signed within the framework of its new initiatives. The financial assistance allocated by the Agency to these 957 agreements totalled $403.9 million.

The table shows that the number of contribution agreements signed in 2006-2007 was down slightly from 2005-2006. This decrease is partly attributable to the termination of the Infrastructure Canada Program.[8]

On the other hand, the total value of financial assistance from the Agency rose markedly between 2005-2006 and 2006-2007, owing in particular to the renewal until March 31, 2010 of the 67 agreements with the CFDCs and BDCs for contributions totalling $112 million. The sums devoted to funding these agreements come from the CFP.

CONTRIBUTION AGREEMENTS APPROVED IN 2006-2007

Contribution agreements by strategic outcome and program activity (PA)	Number of new agreements		Financial assistance approved	
	2005-2006	2006-2007	2005-2006	2006-2007
			(in thousands of dollars)	
Strategic outcome #1 – *Vitality of communities*	502	506	*145,222*	*256,719*
PA – *Improvement of the economic environment of regions*	403	458	*114,059*	*248,551*
PA – *Improvement of community infrastructure*	39	—	*25,342*	—
PA – *Provision of special adjustment measures*	60	48	*5,819*	*8,167*
Strategic outcome #2 – *Enterprises' competitiveness*	509	451	*103,243*	*147,169*
PA – *Enterprise development*	509	451	*103,243*	*147,169*
Total[1]	**1 011**	**957**	*248,465*	*403,888*

Note:

1 Totals do not necessarily correspond to the sum of individual amounts, since these amounts have been rounded out.

8 In July 2005, the Canada-Quebec Agreement was amended to postpone to March 31, 2009 the deadline for disbursements under the ICP. Since December 2005, no more new projects may be approved under this program.

The main recipients of Agency financial assistance during FY 2006-2007 were organizations.[9]

Contribution agreements by type of promoter	Number of new agreements		Financial assistance approved	
	2005-2006	2006-2007	2005-2006	2006-2007
			(in thousands of dollars)	
Enterprises	470	480	*82,169*	*106,261*
Organizations	541	477	*166,093*	*297,627*
Total[1]	**1 011**	**957**	**248,465**	**403,888**

Note:

1 Totals do not necessarily correspond to the sum of individual amounts, since these amounts have been rounded out.

Two reference bases are used in this report to evaluate Agency performance.

To present the main results observed as of March 31, 2007, the reference base used is that of projects in progress, or active projects, that is, projects for which the Agency made an expenditure during FY 2006-2007. This reference base is used to measure the results of projects continued or completed in 2006-2007, and not just of projects approved during that year.

When reporting on financial assistance approved by the Agency during FY 2006-2007, the reference base used is that of new financial contribution agreements approved between April 1, 2006 and March 31, 2007. This latter reference base is the one used in Section 2.1.

9 This heading includes business service or local development support organizations, public agencies, communities, Aboriginal communities, and educational and research institutions.

2.2 Strategic outcome #1: *Vitality of communities*

The vitality of a community affects its socio-economic outlook as well as the establishment, maintenance and expansion of its economic activity base.

The Agency seeks to increase communities' dynamism and revitalize them. To achieve these goals, it supports projects that target development of their socio-economic adjustment capability, appearance of new entrepreneurs, creation of small enterprises, attraction of tourists and retention of skilled individuals.

By intervening financially to renew and construct community infrastructure, and by implementing various special measures, the Agency also works to build and consolidate the base sustaining communities' economic activity.

2.2.1 Program activity: *Improvement of the economic environment of regions*

A community's vitality depends on its ability to use its assets in order to develop, grow and flourish.

The objectives of the *Improvement of the economic environment of regions* program activity are the following:

- foster the development of communities and increase their mobilization, by helping them develop a vision and start up large-scale local and regional projects
- support communities by backing entrepreneurship and the creation or maintenance of viable enterprises
- increase communities' capability to attract tourists and skilled workers.

The *Help regions and communities in transition* priority supports the *Improvement of the economic environment of regions* program activity.

First, to contribute to improvement of the economic environment in Quebec communities, the Agency supports local, regional and sectoral organizations which act in concert with all economic agents in their local milieu in order to mobilize it, prompt it to take charge of its own development and help it define promising business opportunities.

Organizations supported by the Agency:

- disseminate information on their region's economic development issues
- establish development and diversification plans
- raise local awareness of new challenges and trends to be taken into account
- help economic agents upgrade their competencies.

Second, the Agency supports non-profit organizations and enterprises so as to help them carry out growth-generating projects for their region. These projects involve, among other things, enhancing regions' tourist attractions to help raise their national or international profile and attract foreign investors, tourists and travellers.

By financially supporting organizations dedicated to regional development, the Agency aims ultimately for enterprises to take advantage of the completion of growth-generating projects and for the resulting business expansion to generate an increase in economic activity, employment and income in the regions.

Through its support for local and regional development organizations, such as CFDCs, BDCs or Community Economic Development Corporations, the Agency also contributes to having the local milieu take charge of its own development and fosters the creation and development of small enterprises.

Finally, through its intervention in the tourism field, particularly vis-à-vis regional tourism associations, the Agency contributes to the enhancement and tourism outreach of Quebec's regions.

Main results observed for the *Improvement of the economic environment of regions* program activity[10]

The Agency provides its financial assistance on an incentive basis, that is, without its assistance a project would not be carried out or would not be carried out on the same scale or within the same timeframe.

More than 80% of respondents stated that their project could not have been completed without Agency assistance, a sure sign of the incentive nature of this assistance.

10 The Agency's performance measurement strategy uses two data collection methods:
- yearly telephone survey conducted on promoter enterprises
- project tracking mechanism in relation to organizations.

This percentage climbs even higher (to 99%) when one adds respondents stating that their project could not have been carried out on the same scale or within the same timeframe without financial assistance from the Agency.

Finally, 56.9% of organizations receiving assistance from other fund providers pointed out that they would not have received this assistance if the Agency had not also supported them financially.

The Agency supports local and regional development organizations so as to help communities acquire a vision and start up large-scale local and regional projects conducive to their development and mobilization. As of March 31, 2007, the efforts invested by development organizations vis-à-vis communities had helped:

- develop 193 local and regional development strategies, and support 582 local or regional development projects (these projects, which can be spread over more than one year, are currently in progress or will be carried out over the next few years).

Also as of March 31, 2007, projects backed by the Agency to support entrepreneurship and the creation or maintenance of viable enterprises in communities had contributed to:

- pre-startup, startup and expansion of some 2,077 SMEs, which should lead in the medium term to the creation of employment and wealth in the regions of Quebec
- development of new products or improvement of existing products in 327 enterprises
- commercialization of new products by 166 enterprises and emergence of 33 new exporting enterprises
- development of an innovation action plan by 306 enterprises.

Finally, with respect to communities' increased capability to attract tourists and skilled workers, the projects of the different tourism development and international promotion organizations supported by the Agency had contributed, as of March 31, 2007, to attracting to Quebec close to four million visitors from outside the province.[11] Their presence generated economic spinoffs and

11 The four million visitors are not unique travellers. See the methodological note number 4 of table *Improvement of the economic environment of regions* (Appendix 3).

contributed directly to the dynamism and vitality of Quebec communities. In fact, according to the data available, visitors averaged three nights in Quebec, spending an average of $255 per day.[12]

Overall, Agency intervention in *Improvement of the economic environment of regions* contributed to the creation, maintenance or transformation of more than 9,000 jobs. This figure does not allow for the fact that the CFDCs and BDCs reported the creation or maintenance of more than 15,400 jobs in the Quebec communities where they intervened.

Resources used to generate the results targeted in the *Improvement of the economic environment of regions* program activity

Through its actions, the Agency aims to energize and revitalize the different communities in Quebec and ensure that they enjoy a better socio-economic outlook. The Agency was planning to invest some $360 million over three years—$106 million in 2006-2007—in the *Improvement of the economic environment of regions* program activity. The grants and contributions expenditures devoted to this activity during FY 2006-2007 were slightly above the projections made in the *Report on Plans and Priorities 2006-2007*.

In *Improvement of the economic environment of regions*, the total value of the 1,026 projects in which the Agency is participating that were in progress in 2006-2007 in the different regions of Quebec stood at some $1.6 billion. The Agency invested $595 million of this sum, while other funding providers invested the remainder.

The Agency's actual expenditures stood at $113.6 million during FY 2006-2007. Total expenditures incurred for the 1,026 projects above were $302.1 million.

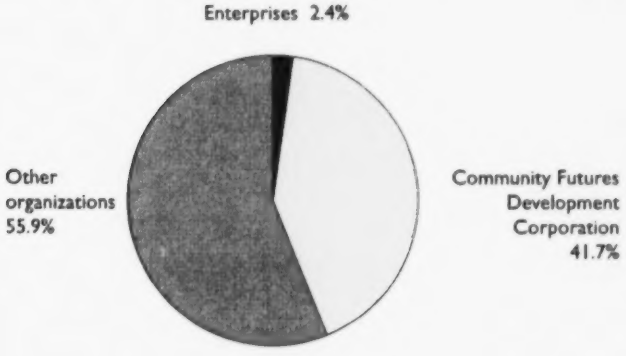
The two graphs below present the breakdown of total expenditures incurred by the Agency, in 2006-2007, for implementation of projects under the *Improvement of the economic environment of regions* program activity.

12 Source: Statistics Canada, data compiled in www.bonjourquebec.com/mto/publications/pdf/etudes/Tourisme_chiffres2006.pdf.

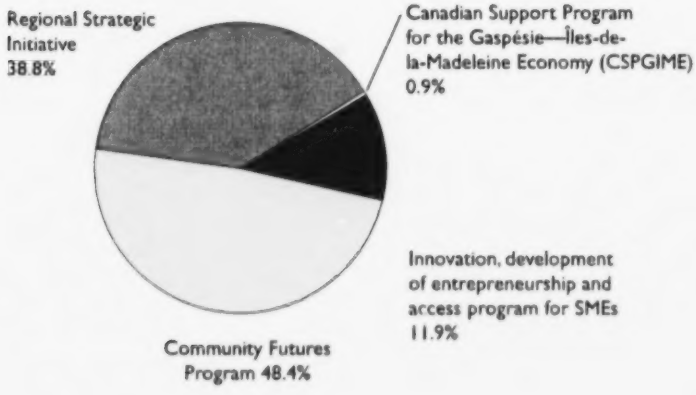
A substantial proportion of expenditures were made under the Canada-wide Community Futures Program, which aims to support local and regional economic development and reinforce communities' capacity to realize their full potential on a lasting basis. It is delivered primarily by the CFDCs.

Improvement of the economic environment of regions program activity

Total expenditures incurred by type of promoter



Total expenditures incurred by program


Regional Strategic Initiative 38.8%
Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy (CSPGIME) 0.9%
Innovation, development of entrepreneurship and access program for SMEs 11.9%
Community Futures Program 48.4%

PROGRAM ACTIVITY:
IMPROVEMENT OF THE ECONOMIC ENVIRONMENT OF REGIONS

Main results observed as at March 31, 2007[1]

1,026 projects were in progress during FY 2006-2007

Indicators of regions' and communities' dynamism ❶	▪ 193 development strategies have been or are in the process of being drawn up ▪ 582 local and regional development projects have been or are in the process of being carried out
Indicators of local and regional entrepreneurship ❷	▪ 2,077 enterprises are in pre-startup, startup or expansion ▪ 306 enterprises have an innovation action plan ▪ 327 enterprises have developed a new product or improved an existing product ▪ 166 enterprises have commercialized a new product ▪ 33 new enterprises are exporting
Employment indicator ❸	▪ More than 9,000 jobs were created, maintained or transformed
Indicator of Quebec regions' capability to attract foreign tourists ❹	▪ Some four million foreign visitors and tourists came to Quebec
Incentive nature of Agency financial assistance ❺	▪ Some 99% of the promoters could not have carried out their project without Agency financial assistance or could not have carried it out on the same scale or within the same timeframe.
Leverage effect in the regions of Quebec ❻	▪ $1 from the Agency ➡ $2.75 in investment

Resources invested[2] to generate the results indicated above

Total expenditures of $302,175,000 were incurred in order to support projects in progress (including prior year spending). This figure includes actual expenditures of $113,608,000 for FY 2006-2007. The *Report on Plans and Priorities 2006-2007* projected expenditures of $106,538,000.

Notes:

1 See technical notes for the table in Appendix 3.

2 Excludes operating expenditures.

2.2.2 Program activity: *Improvement of community infrastructure*

The quality of community infrastructure has an impact on Canadians' quality of life. Quality infrastructure enables communities to attract and retain enterprises and workers that will secure their economic and social future. It also makes the movement of people and goods more efficient and safer.

In this spirit, the Government of Canada announced back in 2000 the creation of several infrastructure support programs. Among other things, it signed an agreement with the Government of Quebec in October 2000 for implementation of the Infrastructure Canada Program, namely, the Canada-Quebec Infrastructure Program Agreement. In July 2005, this agreement was amended to postpone the expiration date for the ICP and reflect implementation of a new program, the Municipal Rural Infrastructure Fund.[13]

The Agency was given by the Government the special mandate of managing the ICP and MRIF programs in Quebec. It also manages some projects under the Canada Strategic Infrastructure Fund.[14]

The ICP targets the renovation, replacement or construction of infrastructure, and has three components:

- Component 1: Drinking water and wastewater infrastructure
- Component 2: Local transportation infrastructure
- Component 3: Projects with urban or regional economic impact.

Activities carried out to date under the ICP bring benefits to communities, as summarized in the table below.[15]

13 The Agency implements the MRIF jointly with the *ministère des Affaires municipales et des régions du Québec*, the program's prime contractor. The MRIF came into effect on July 18, 2005, and the deadline for project approval is December 31, 2008. While program delivery is carried out by the Agency, it is Infrastructure Canada which reports on the MRIF in its departmental performance report. For further information concerning the MRIF, see: www.infrastructure.gc.ca/index_e.shtml.

14 The Agency is fully responsible for management of the ICP. As to the MRIF and the CSIF projects, the Agency acts as the agent for Transport, Infrastructure and Communities Canada, the department responsible for the funds.

15 The benefits are described by the promoters of the infrastructure projects in their applications for funding under the ICP and validated by the advisors responsible for the program with the Government of Quebec and the Government of Canada. The results presented concern projects approved from the date on which the program came into effect until March 31, 2006. Since December 2005, no more new projects may be approved under the program.

PROGRAM ACTIVITY:
IMPROVEMENT OF COMMUNITY INFRASTRUCTURE
Infrastructure Canada Program – Quebec Region

Summary of expenditures as of March 31, 2007 for the 901 projects approved

Number of projects approved from the start of the program to March 31, 2006	901
Component 1: Drinking water and wastewater infrastructure	402
Component 2: Local transportation infrastructure	364
Component 3: Projects with urban or regional economic impact	135
Number of projects in progress in 2006-2007	176
(in thousands of dollars)	
Federal contribution approved from the start of the program to March 31, 2006	*507,586*
Total federal expenditures from the start of the program to March 31, 2007	*173,663*
Actual expenditures in 2006-2007	*91,117*
Total value of projects in progress in 2006-2007	*872,948*

MAIN BENEFITS

Number of additional households which have access to a municipal water supply	3,873
Number of households which have or will have access to a municipal water supply providing better quality drinking water	549,744
Number of additional households which have access to a municipal wastewater collection and treatment system	19,063
Number of households which have or will have access to an effective municipal wastewater collection and treatment system	847,788
Number of communities that will benefit from the establishment or upgrading of transportation infrastructure	262
Number of communities that will benefit from the establishment or upgrading of sports, recreational or cultural facilities	90
Number of permanent jobs that will be created directly as a result of the projects	880

2.2.3 Program activity: *Provision of special adjustment measures*

The Agency can help communities or regions facing significant economic shocks, such as the closing of plants in an industrial sector, or natural disasters (e.g. flooding in the Saguenay, ice storm in Montréal and Montérégie).

When an economic shock or disaster occurs, the Agency can temporarily put special adjustment measures in place enabling communities or enterprises to support their economic activity and initiate action to help them regain their balance or economic stability.

Currently, the Agency is responsible for managing the Canadian Textiles Program CANtex which helps support projects to raise the productivity and competitiveness of textile firms.

Main results observed for the *Provision of special adjustment measures* program activity

The projects supported by the Agency have contributed to improving enterprises' performance. Thus, the survey on enterprises revealed that:

- eight enterprises out of ten consider that the project they carried out has contributed to development of higher-performance processes and improvement of their competitive position
- close to nine enterprises out of ten consider that their profitability improved following completion of their project.

Moreover, despite difficult economic conditions, notably associated with competition from emerging markets in the textile sector, just over half of enterprises whose project was completed stated that their sales had increased as a result of the financial assistance received from the Agency. The revenues of this majority of enterprises rose by an average of more than $900,000.

Finally, projects in progress had an impact on jobs, primarily on their maintenance. In fact, Agency intervention contributed to the creation, maintenance and transformation of some 1,400 jobs.

Resources used to generate the results targeted by the *Provision of special adjustment measures* program activity

The *Report on Plans and Priorities 2006-2007* projected expenditures of $20.1 million in this regard. Actual expenditures stood at $4.5 million. This discrepancy is partially attributable to the Government's practice of *Effective spending*, which led to a reduction in the funds allocated to the Agency to support Canada's clothing and textiles industries.[16]

In 2006-2007, the total value of the 85 projects in progress under the *Provision of special adjustment measures* program activity was $29.4 million, including investment from other funding providers. The Agency essentially intervened in this regard through the Canadian Textiles Program CANtex.

16 See the box on the *Impact of the Government's spending review on the Agency's level of activity and performance in 2006-2007* (Section 1.4.1).

PROGRAM ACTIVITY:
PROVISION OF SPECIAL ADJUSTMENT MEASURES

Main results observed as at March 31, 2007[1]

85 projects were in progress during FY 2006-2007

Innovation and productivity indicators	▪ 28 enterprises developed higher-performance processes ▪ 16 enterprises developed new products or services ready to be commercialized
Business maintenance and growth indicators	▪ 21 enterprises stated that they increased their sales (average increase: $900,000) ▪ 31 enterprises increased their profitability ▪ 31 enterprises improved their competitive position
Employment indicator	▪ Some 1,400 jobs were created, maintained or transformed

Resources invested[2] to generate the results indicated above

Total expenditures of $5,581,000 were incurred in order to support projects in progress (including prior year spending). This figure includes actual expenditures of $4,085,000 for FY 2006-2007. The *Report on Plans and Priorities 2006-2007* projected expenditures of $20,110,000.

Notes:

1 See technical notes for the table in Appendix 3.

2 Excludes operating expenditures.

2.3 Strategic outcome #2: *Enterprises' competitiveness*

Agency intervention targets a second strategic outcome: enterprises' increased competitiveness. More specifically, the Agency contributes to putting in place conditions conducive to sustainable growth of regions and SMEs and their competitive positioning by supporting enterprises' increased strategic capability, innovation, creation and dissemination of new knowledge, establishment of networks and inflow of investment.

2.3.1 Program activity: *Enterprise development*

The economic environment, characterized among other things by globalization, the higher Canadian dollar and high energy prices, compels Canadian enterprises to be constantly concerned with their competitiveness.

This is the context in which the Agency intends to contribute to increasing SMEs' productivity and innovation to stimulate their growth and competitiveness and improve the employment outlook in the regions. To do so, the Agency intends to:

- support the lasting growth of enterprises, by helping them to be higher-performance, competitive and innovative
- support the transfer of technology and research outputs toward enterprises
- create conditions conducive to attracting foreign investment and international organizations to Quebec.

Main results observed for the *Enterprise development* program activity

More than two thirds of respondents (68%) surveyed by the Agency—a figure similar to last year—stated that their project could not have been carried out without financial support from the Agency. This proportion climbs to more than 96% including respondents who stated that their project could not have been carried out on the same scale or within the same timeframe without financial assistance from the Agency. Finally, more than half the respondents who received financial assistance from other funding providers indicated that they could not have obtained this assistance without the Agency's financial contribution.

Reinforcing the capability of innovative SMEs is the priority that supports enterprise development.

Projects supported by the Agency and business service organizations helped enterprises become higher-performance and more competitive, innovate further and grow in a lasting manner. Thus:

- Some 600 enterprises had made sales on new markets. Of this number, 71 stated that the average value of their sales exceeded $335,000.

- Out of 10 enterprises which received Agency support for a project to increase their productivity and innovation capability, nine stated that the project contributed to improving their competitive position. More than three quarters also considered that the project helped them increase their profitability.
- More than 70% of enterprises supported by the Agency stated that they had increased their sales as a result of its financial assistance. Their sales increased by an average of approximately $670,000, a figure comparable to that seen in 2004-2005.

These projects have also led to:

- pre-startup, startup and expansion of 700 enterprises in key sectors in the regions of Quebec
- adoption of new business practices (e.g. e-business practices and calibration practices) by more than 854 enterprises, and implementation of innovation action plans by more than 789 SMEs
- emergence of 274 new exporting enterprises
- commercialization of new or improved products by 216 enterprises
- influx of more than $620 million in foreign investment; some 75% of this investment was made in the three main high-technology clusters in the Montréal area.

Overall, direct intervention by the Agency vis-à-vis enterprises, or carried out through development organizations, contributed to the creation, maintenance and transformation of more than 7,700 jobs in the different regions of Quebec.

The findings of surveys conducted in 2005, 2006 and 2007 show that year after year, nine respondents out of ten consider that the Agency is an essential partner in the fulfilment of their mission, and therefore contributes to enhancing their service offering and increasing their number of clients.

Perception of organizations providing services to enterprises[1]	2004-2005 Agree (%)	2005-2006 Agree (%)	2006-2007 Agree (%)
Agency assistance enabled the organization to enhance its service offering	95.7	94.3	94.1
Agency assistance enabled the organization to reach a larger number of clients	86.6	90.7	90.1
The Agency is an essential partner in the fulfilment of the organization's mission	92.5	90.9	93.1

Note:

1 Annual survey 2005: 424 organizations questioned; annual survey 2006: 476 organizations questioned; annual survey 2007: 425 organizations questioned.

Resources used to generate the results targeted by the *Enterprise development* program activity

More than nine out of ten projects could not have been carried out or could not have been carried out on the same scale or within the same deadline.

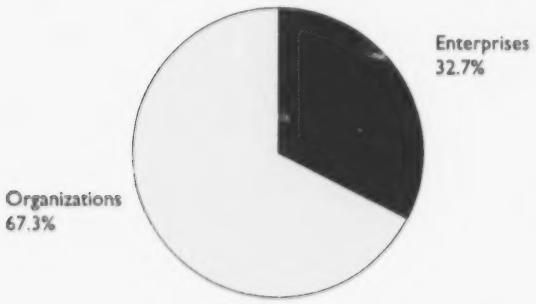
The total value of the 974 projects in progress under the *Enterprise development* program activity in 2006-2007 was more than $1.6 billion. Close to one quarter of this amount ($441.1 million) came from the Agency, with the remainder coming from other funding providers.

The Agency's actual expenditures during FY 2006-2007 were $107.3 million, slightly lower than projected in the *Report on Plans and Priorities 2006-2007*. Total expenditures incurred as of March 31, 2007 for projects in progress in 2006-2007 stood at more than $263.1 million.

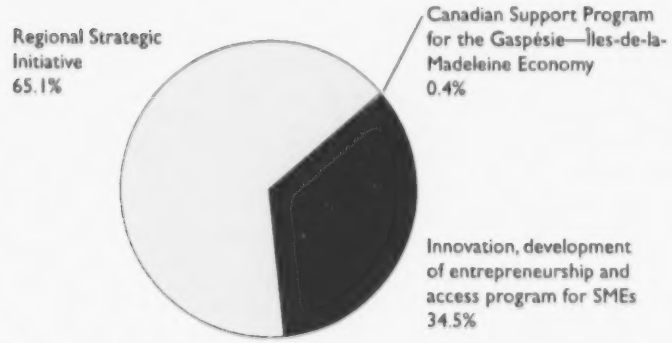
The two diagrams below illustrate the breakdown of total expenditures incurred in 2006-2007 by type of promoter and by program. Most of the total expenditures incurred by the Agency (67,3%) were made to support organizations. Intervention under the RSI program accounted for two-thirds of expenditures in FY 2006-2007. The other third was incurred under the IDEA-SME program.

Enterprise development program activity

Total expenditures incurred by type of promoter



Total expenditures incurred by program



PROGRAM ACTIVITY:
ENTERPRISE DEVELOPMENT

Main results observed as at March 31, 2007[1]

974 projects were in progress during FY 2006-2007

Commercialization and export indicators	▪ 274 new enterprises exported ▪ 590 enterprises made sales on new markets (71 enterprises stated an average increase in sales on new markets of $335,000)
Innovation and productivity indicators	▪ 854 enterprises adopted or integrated new business practices ▪ 789 enterprises developed an innovation action plan ▪ 574 enterprises developed a new product or improved an existing product ▪ 119 enterprises developed higher-performance processes ▪ 216 enterprises developed new products or services ready to be commercialized ▪ 12 enterprises obtained a patent
Business growth indicators	▪ 700 enterprises are in pre-startup, startup or expansion in key sectors in the regions of Quebec ▪ 46 enterprises modernized or expanded their facilities or equipment ▪ 164 enterprises stated that they increased their sales by more than $670,000 ▪ 148 enterprises increased their profitability ▪ 169 enterprises improved their competitive position
Employment indicator	▪ More than 7,700 jobs were created, maintained or transformed
Incentive nature of Agency financial assistance	▪ More than 96% of promoters could not have carried out their project without Agency financial assistance or could not have carried it out on the same scale or within the same timeframe.
Leverage effect in the regions of Quebec	▪ $1 from the Agency ➔ $3.70 in investment

Resources invested[2] to generate the results indicated above

Total expenditures of $263,102,000 were incurred in order to support projects in progress (including prior year spending). This figure includes actual expenditures of $107,314,000 for FY 2006-2007. The *Report on Plans and Priorities 2006-2007* projected expenditures of $117,855, 000.

Notes:

1 See technical notes for the table in Appendix 3.

2 Excludes operating expenditures.

3

ADDITIONAL INFORMATION

3.1 Information on the Agency as at March 31, 2007

The Honourable Jean-Pierre Blackburn is Minister of the Economic Development Agency of Canada for the Regions of Quebec.

The President handles the day-to-day management of Agency activities on behalf of the Minister, to whom he reports. He acts as deputy head for the purposes of application of the *Financial Administration Act*, *Public Service Employment Act* and *Public Service Labour Relations Act*. He acts as accounting officer for the purposes of application of the *Federal Accountability Act*. Finally, the President acts as senior advisor to the Minister and the Government with respect to public policy.

The Vice-President, Policy and Planning is responsible for the definition of the Agency's strategic directions and objectives for its intervention, design of its programs and initiatives, development of policy and other guidelines for its intervention, execution of the socio-economic studies associated with its mandate, establishment of the basis for results-based management and provision of leadership within the Agency to promote that approach, and evaluation of the Agency's policies, programs and initiatives. The Vice-President, Policy and Planning ensures that the Agency's viewpoint is put forward in the development of national policy and programs by the federal government and that the interests of Quebec and its regions are presented to federal departments and agencies. Finally, she is responsible for the Agency's relations with the Government of Quebec. Three branches report to the Vice-President, Policy and Planning: Government Affairs, Policy and Programs, and Departmental Performance.

The Vice-President, Operations has the mandate to implement the Agency's strategic directions and deliver its programs and services in a coordinated manner. She does so primarily through a network of 14 regional business offices across Quebec, and through a Head Office branch responsible for business development, partnerships and infrastructure. The Vice-President, Operations is also responsible for implementation of agreements made with the Government of Quebec. Two branches report to the Vice-President, Operations: Regional Coordination and Business Development, and Infrastructure.

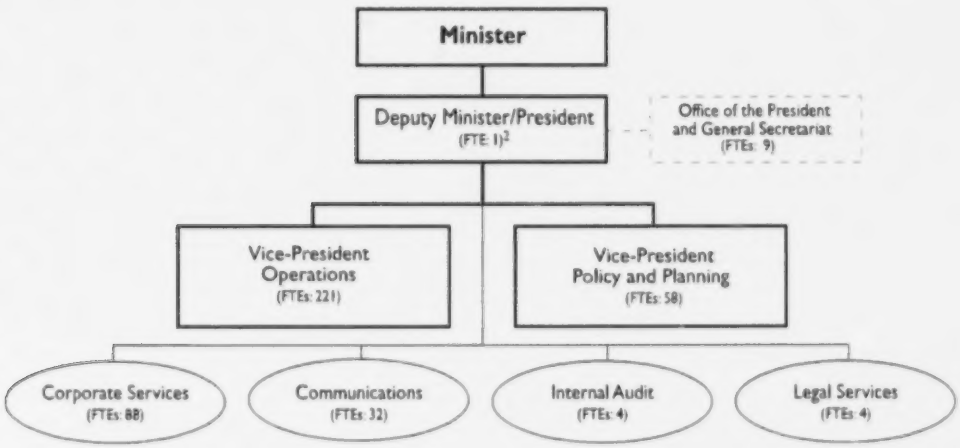
The Director General, Corporate Services acts on the Agency's performance by ensuring sound management of its human, financial, administrative and technological resources, and compliance with the statutes, regulations, policy, directives and standards (e.g. *Public Service Modernization Act, Management Accountability Framework*) covering its operations. As comptroller, the director general has to certify to the President and the Comptroller General of Canada that the Agency's resources are used optimally; that its organizational models are conducive to attaining the targeted performance; and that the financial data contained in its Memoranda to Cabinet, Treasury Board submissions, financial statements and other financial reports are reliable and objective. He also acts as the Agency's senior official with respect to its finances. Finally, he is responsible for application of the ISO 9001:2000 quality system, which covers the development and implementation of Agency programs.

The Communications Branch manages the Agency's public and media relations, as well as promotion and dissemination of information vis-à-vis the different target groups, in particular through the Web site, for which it has responsibility. This Branch also handles in-house communications, with a view to informing employees and raising their awareness as to the Agency's new programs and results-based management. Furthermore, it manages strategic communications in relation to Agency senior management through the development of communication strategies and provision of strategic advice.

Legal Services provides legal assistance and opinions with respect to Agency activities. In particular, Legal Services activity focusses on commercial law and its impact on public law. Legal Services also offers litigation support services. These services are provided to the Minister, Deputy Head and senior management, and to Agency managers, service directors and employees. Legal Services employees report to the Department of Justice on an organizational, functional and professional basis.

The Internal Audit Branch provides the President with an independent audit service with respect to the Agency's risk management, control and governance processes. During its audit work, the branch usually reviews all the elements in a program's delivery chain (for instance, it looks as much at the submission made by the Agency to request funds from the Treasury Board Secretariat as at the use made of those funds). On occasion, this leads to visits to the organizations supported by the Agency. Finally, this branch has to draw up an internal audit plan for programs that takes risk into account.

Organization chart of the Economic Development Agency of Canada for the Regions of Quebec[1]



Notes:

1 A more complete version of the organization chart is available at: www.dec-ced.gc.ca/asp/Apropos/Organigramme.asp?LANG=EN.

2 FTE: Full-time equivalent employee.

3.2 Financial performance

3.2.1 Comparison of planned spending with actual expenditures

This table presents the net cost of Agency activities, as well as an historical overview. First, services received without charge are added to the Agency's expenditures, such as accommodation supplied by Public Works and Government Services Canada and services provided free of charge by Justice Canada. Revenues are then subtracted from expenditures in order to arrive at the net cost of the Agency for Canadians.

			2006-2007			
Program activity *(in thousands of dollars)*	Actual expenditures 2004-2005	Actual expenditures 2005-2006	Main Estimates	Planned Spending	Total Authorities	Actual Expenditures
Enterprise development	*131,696*	*138,300*	*145,794*	*145,653*	*135,473*	*133,184*
Improvement of the economic environment of regions	*100,627*	*102,733*	*125,417*	*125,306*	*143,991*	*134,076*
Improvement of community infrastructure	*86,964*	*87,743*	*89,251*	*89,240*	*118,168*	*93,066*
Provision of special adjustment measures	*13,843*	*5,460*	*21,133*	*21,130*	*13,643*	*4,572*
TOTAL	*333,130*	*334,235*	***381,595***	***381,329***	*411,275*	*364,899*
Less: Non-respendable revenue	*(38,500)*	*(45,791)*	*(36,000)*	*(36,000)*	*(36,000)*	*(50,211)*
Plus: Cost of services received without charge	*5,522*	*5,957*	*5,515*	*5,515*	*5,515*	*6,100*
Net cost for the Agency[1]	*300,152*	*294,401*	***351,110***	***350,844***	*380,791*	*320,788*
Full-time equivalent (FTE)	401	417	**408**	**408**	**417**	**417**

Note:

1 Totals do not necessarily correspond to the sum of individual amounts, since these amounts have been rounded out.

The $30.1-million difference between total planned spending and actual expenditures is primarily attributable to the deferral to the coming year of certain expenditures (associated with payment of the grant to the Québec Port Authority, management of the Social Economy Initiative and administration of the Canadian Textiles Program CANtex), cutbacks in planned spending under CANtex, and an increase in non-respendable revenue.

3.2.2 Program activities

For each of the Agency's program activities, this table presents appropriations voted by Parliament (*Main Estimates*); resources provided for in the *Report on Plans and Priorities 2006-2007*; level of spending authorized, reflecting changes made in the *Supplementary Estimates*; and use of funds.

	2006-2007			
Expenditures by program activity *(in thousands of dollars)*	Operations[1]	Grants	Contributions	TOTAL
BUDGETARY				
Enterprise development				
Main Estimates	*27,939*	*0*	*117,855*	*145,794*
Planned spending	*27,798*	*0*	*117,855*	*145,653*
Total authorities	*28,159*	*0*	*107,315*	*135,473*
Actual expenditures	*25,870*	*0*	*107,315*	*133,184*
Improvement of the economic environment of regions				
Main Estimates	*18,879*	*17,070*	*89,468*	*125,417*
Planned spending	*18,768*	*17,070*	*89,468*	*125,306*
Total authorities	*19,033*	*18,945*	*106,013*	*143,991*
Actual expenditures	*20,468*	*10,445*	*103,163*	*134,076*
Improvement of community infrastructure				
Main Estimates	*2,589*	*0*	*86,662*	*89,251*
Planned spending	*2,578*	*0*	*86,662*	*89,240*
Total authorities	*2,603*	*0*	*115,565*	*118,168*
Actual expenditures	*1,949*	*0*	*91,117*	*93,066*
Provision of special adjustment measures				
Main Estimates	*1,023*	*0*	*20,110*	*21,133*
Planned spending	*1,020*	*0*	*20,110*	*21,130*
Total authorities	*1,058*	*0*	*12,585*	*13,643*
Actual expenditures	*487*	*0*	*4,085*	*4,572*
TOTAL[2]				
Main Estimates	*50,430*	*17,070*	*314,095*	*381,595*
Planned spending	*50,164*	*17,070*	*314,095*	*381,329*
Total authorities	*50,853*	*18,945*	*341,478*	*411,275*
Actual expenditures	*48,774*	*10,445*	*305,680*	*364,899*

Notes:

1 This item includes the Agency's operating expenditures, its contribution to employee benefit plans and spending of proceeds from disposal of surplus Crown assets. The *Grants* item notably includes the grant to the Québec Port Authority for the staging of Québec's 400th Anniversary Celebrations.

2 Totals do not necessarily correspond to the sum of individual amounts, since these amounts have been rounded out.

3.2.3 Summary of voted and statutory appropriations

This table repeats the summary table from the *Main Estimates* and shows appropriations voted by Parliament; resources provided for in the *Report on Plans and Priorities 2006-2007*; level of spending authorized, reflecting changes made in the *Supplementary Estimates*; and use of funds.

Vote or statutory item *(in thousands of dollars)*	Truncated vote or statutory wording	2006-2007			
		Main Estimates	Planned spending	Authorities	Actual expenditures
1	Operating expenditures	*44,693*	*44,423*	*45,735*	*43,664*
5	Grants and contributions	*331,165*	*331,165*	*360,423*	*316,125*
(S)	Contribution to employee benefit plans	*5,737*	*5,741*	*5,085*	*5,085*
(S)	Spending of proceeds from disposal of surplus Crown assets	—	—	*33*	*25*
	Total for the Agency[1]	***381,595***	***381,329***	***411,275***	***364,899***

Note:

1 Totals do not necessarily correspond to the sum of individual amounts, since these amounts have been rounded out.

3.2.4 Services received without charge

This table presents the cost of services received without charge by the Agency, which are added to the expenditures presented in Table 3.2.1 in order to obtain the net cost of the Agency for Canadians.

(in thousands of dollars)	2006-2007
Accommodation provided by Public Works and Government Services Canada	*3,200*
Employer's contribution to employees' insurance plans and expenditures paid by the Treasury Board Secretariat	*2,547*
Salaries and associated expenditures for legal services provided by Justice Canada	*353*
Total services received free of charge in 2006-2007[1]	***6,100***

Note:

1 Totals do not necessarily correspond to the sum of individual amounts, since these amounts have been rounded out.

3.2.5 Sources of non-respendable revenue by program activity

This table illustrates revenue, providing an historical perspective. Revenue consists primarily of repayments of the repayable contributions awarded by the Agency.

Non-respendable revenue *(in thousands of dollars)*	Revenue 2004-2005[1]	Revenue 2005-2006	2006-2007 Planned revenue	2006-2007 Actual revenue
Promotion of the economic development of the regions of Quebec				
Enterprise development	*36,575*	*43,502*	*35,000*	*39,964*
Improvement of the economic environment of regions	*1,925*	*2,290*	*1,000*	*10,014*
Improvement of community infrastructure	—	—	—	*2*
Provision of special adjustment measures	—	—	—	231
Total non-respendable revenue[2]	*38,500*	*45,791*	*36,000*	*50,211*

Notes:

1 Non-respendable revenue for 2004-2005 excludes the $50.8 million billed to Papiers Gaspésia Inc., which placed itself under the protection of the *Companies' Creditors Arrangement Act*.

2 Totals do not necessarily correspond to the sum of individual amounts, since these amounts have been rounded out.

3.2.6 Main transfer payment programs (TPPs)

- Innovation, development of entrepreneurship and access program for SMEs
- Regional Strategic Initiative
- Community Futures Program
- Infrastructure Canada Program

Further information on these projects can be found at
www.tbs-sct.gc.ca/dpr-rmr/0506/info/ps-dp_e.asp

3.2.7A User fees

(in thousands of dollars)				2006-2007					Planning years		
	Fee type	Fee-setting authority	Date last modified	Forecast revenue	Actual revenue	Full cost	Performance standard	Performance results	Fiscal year	Planned revenue	Estimated full cost
A. User fee											
Fees for processing of access requests submitted to the Agency under the *Access to Information Act*	Other goods and services	*Access to Information Act*	*1992*	*0.0*	*0.2*	*69.3*	A response must be provided within 30 days after the request is received. Under section 9 of the Act, the response time may be extended, in which case notice of the extension must be given within 30 days after the request is received. Further information on the *Access to Information Act* is available at: http://laws.justice.gc.ca/en/A-1/index.html.	A response within the normal 30-day deadline was observed by the Agency for 46% of requests. The standard for the maximum time allowed by the Act was met for 59% of requests.	2007-2008	*0.2*	*71.0*
									2008-2009	*0.2*	*73.0*
									2009-2010	*0.2*	*75.0*

B. Circumstances with respect to fees modified during FY 2006-2007

Not applicable

3.2.7B Policy on service standards for user fees

User fee	Service standard	Performance results	Stakeholder consultation
Fees for processing of access requests submitted under the *Access to Information Act*	A response must be provided within 30 days after the request is received. Under section 9 of the Act, the response time may be extended, in which case notice of the extension must be given within 30 days after the request is received. Further information on the *Access to Information Act* is available at: http://laws.justice.gc.ca/en/A-1/index.html.	A response within the normal 30-day deadline was observed by the Agency for 46% of requests. The standard for the maximum time allowed by the Act was met for 59% of requests.	The service standard is established by the *Access to Information Act* and the *Access to Information Regulations*.

The Agency exceeded the prescribed timeframe in processing some of the information requests submitted to it under the *Access to Information Act*. This was partly due to the complexity of the applications submitted to it. Indeed, several of them required consultation of third parties and government agencies. It was also due to the increase of more than 30% in the volume of access requests submitted to the Agency (43 files in 2006-2007, compared with 29 in 2005-2006). Over the coming fiscal year, the Agency will work particularly to meet the service standards set out in the Act.

3.3 Financial Statements

The additional information presented in the foregoing financial tables was prepared on a cash basis and the following financial statements were prepared on an accrual basis, tables reconciling these two accounting methods will be presented.

Statement of management responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007 and all information contained in these statements rests with the management of the Economic Development Agency of Canada for the Regions of Quebec. These financial statements have been prepared by management in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the financial transactions of the Economic Development Agency of Canada for the Regions of Quebec. Financial information submitted to the *Public Accounts of Canada* and included in the Agency's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Agency.

The financial statements of the Economic Development Agency of Canada for the Regions of Quebec have not been audited.

Deputy Minister/President,

Guy Mc Kenzie
Montréal, Canada

Senior Financial Officer,

Pierre Bordeleau

Statement of operations (unaudited)
For the year ended March 31
(in thousands of dollars)

	2007	2006
Expenses (note 4)		
Enterprise development	*93,196*	*97,636*
Improvement of the economic environment of regions	*141,390*	*108,289*
Improvement of community infrastructure	*94,037*	*88,569*
Provision of special adjustment measures	*3,751*	*5,689*
Total Expenses	*332,374*	*300,183*
Revenues (note 5)		
Enterprise development	*1,052*	*730*
Improvement of the economic environment of regions	*441*	*184*
Improvement of community infrastructure	*3*	—
Provision of special adjustment measures	*1*	—
Total Revenues	*1,497*	*914*
Net Cost of Operations	*330,877*	*299,269*

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position (Unaudited)
For the year ended March 31

(in thousands of dollars)	2007	2006
ASSETS		
Financial assets		
Accounts receivable and advances (note 6)	1,141	578
Loans (note 7)	*157,231*	*152,832*
Total financial assets	*158,372*	*153,410*
Non-financial assets		
Prepaid expenses	*324*	*63*
Tangible capital assets (note 8)	*2,153*	*2,604*
Total non-financial assets	*2,477*	*2,667*
Total	*160,849*	*156,077*
Liabilities		
Accounts payable and accrued liabilities	*32,815*	*34,112*
Vacation pay and compensatory leave	*2,584*	*2,090*
Employee severance benefits (note 9)	*6,453*	*5,417*
	41,852	*41,619*
Equity of Canada	*118,997*	*114,458*
TOTAL	*160,849*	*156,077*

Contingent liabilities (note 10)
Contractual obligations (note 11)

The accompanying notes form an integral part of these financial statements.

Statement of Equity of Canada (Unaudited)
at March 31

(in thousands of dollars)	2007	2006
Equity of Canada, beginning of year	*114,458*	*73,630*
Net cost of operations	*(330,877)*	*(299,269)*
Current year appropriations used (note 3)	*364,899*	*334,235*
Revenue not available for spending	*(51,937)*	*(46,390)*
Change in net position in the Consolidated Revenue Fund (note 3)	*16,354*	*46,295*
Services received without charge from other government departments (note 12)	*6,100*	*5,957*
Equity of Canada, end of year	*118,997*	*114,458*

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flow (Unaudited)
For the year ended March 31

(in thousands of dollars)	2007	2006
Operating activities		
Net cost of operations	*330,877*	*299,269*
Non-cash items:		
amortization of tangible capital assets	*(873)*	*(724)*
loss on disposal and write-down of tangible capital assets	*(3)*	*(8)*
services provided without charge by other government departments	*(6,100)*	*(5,957)*
Variations in Statement of Financial Position:		
increase (decrease) in accounts receivable and advances	*563*	*(5,285)*
increase (decrease) in prepaid expenses	*261*	*(6,877)*
decrease (increase) in liabilities	*(233)*	*38,298*
Cash used by operating activities	*324,492*	*318,716*
Investment activities		
acquisitions of tangible capital assets	*433*	*977*
proceeds from disposal of tangible capital assets	*(8)*	*(25)*
net increase in loans	*4,399*	*14,472*
Cash used by investment activities	*4,824*	*15,424*
Financing activities		
net cash provided by Government of Canada	*(329,316)*	*(334,140)*

The accompanying notes form an integral part of these financial statements.

Economic Development Agency of Canada for the Regions of Quebec

Notes to the Financial Statements *(Unaudited)*

1. Authority and Objectives

Under the *Economic Development Agency of Canada for the Regions of Quebec Act*, which came into force on October 5, 2005, the object of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or where opportunities for productive employment are inadequate. In carrying out its object, the Agency shall take such measures as will promote cooperation and complementarity with Quebec and communities in Quebec.

Thus, the Agency targets strategic outcomes geared to the challenges of the global economy and of the regions' adjustment and vitality, namely: enterprises' competitiveness and vitality of communities. To achieve these strategic outcomes, the Agency has four program activities, namely:

- ***Enterprise development*** in order to facilitate enterprises' business growth
- ***Improvement of the economic environment of regions*** in order to contribute to creating socio-economic conditions conducive to the development of Quebec's communities and regions
- ***Improvement of community infrastructure*** in order to develop and renew infrastructure associated with drinking water and wastewater, transportation infrastructure, and economic and cultural infrastructure
- ***Provision of special adjustment measures*** in order to stabilize, revitalize and diversify the economy of certain communities facing economic shocks, and mitigate the impact of major natural disasters.

Notes to the Financial Statements *(Unaudited)*

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

a) Parliamentary appropriations – The Agency is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Agency do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

b) Net Cash Provided by Government – The Agency operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Agency is deposited to the CRF, and all cash disbursements made by the Agency are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the Agency. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

d) Revenues:

- Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues, except for the item listed below. Loans are non-interest bearing and due to the uncertainty as to ultimate collection, interest income is only charged on overdue amounts and is recorded when received.

Notes to the Financial Statements *(Unaudited)*

e) Expenses – Expenses are recorded on the accrual basis:

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives Parliamentary approval prior to the completion of the financial statements.
- Non-repayable contributions and conditionally repayable contributions are recognized in the year in which the beneficiary meets the eligibility criteria or fulfils the conditions of the transfer agreement, with the exception of payments anticipated for activities in April, which are recorded as prepaid expenses.
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

f) Employee future benefits

(i) Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Agency's contributions to the Plan are charged to expenses in the year incurred and represent the Agency's total obligation to the Plan. Current legislation does not require the Agency to make contributions for any actuarial deficiencies of the Plan.

(ii) Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

g) Accounts and loans receivables are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

h) Repayable contributions are contributions where the recipient is expected to repay the amount advanced. Depending on their nature, they are classified as either unconditionally repayable or conditionally repayable and are accounted for differently.

(i) Unconditionally repayable contributions are contributions that must be repaid without qualification. These contributions are provided by the Agency with a no interest clause and are recorded on the Statement of Financial Position as loans at their nominal value. The present value of these contributions is not estimated, since insufficient conditions of a concessionary nature are attached to them. An estimated allowance for uncollectibility is also recorded.

(ii) Conditionally repayable contributions are contributions, all or part of which become repayable if conditions specified in the contribution agreement come into effect. Accordingly, they are not recorded on the Statement of Financial Position until such time as the conditions specified in the agreement are satisfied, at which time they are then recorded as a receivable and a reduction in transfer payment expenses. An estimated allowance for uncollectibility is recorded.

(iii) Collections on Repayable Contributions amounted to $34,379K in Fiscal Year 2006-2007 ($29,223K in 2005-2006).

i) Allowance for impaired loans and accounts receivable – Loans and accounts receivable are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of the full amount of principal and, where applicable, interest. A specific allowance is established to reduce the recorded value of the loan to its estimated net realizable value. Doubt is calculated on the basis of past results. The Agency has written off $16,050K in Fiscal Year 2006-2007 for accounts deemed uncollectible and where all possible avenues of collection have been exhausted ($14,260K in 2005-2006). The write-off of a Crown debt is a bookkeeping action only and does not eliminate the obligation of a debtor to make payment and does not affect the right of the Crown to enforce collections.

j) Contingent liabilities – Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

k) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of $5,000 or more are recorded at their acquisition cost.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset, as follows:

Asset class	Amortization period
Computer hardware	**4 to 5 years**
Computer software	**3 to 6 years**
Other equipment	**5 to 10 years**
Motor vehicles	5 to 8 years, depending on anticipated use
Leasehold improvements	Lesser of the remaining term of the lease or useful life of the improvement
Assets under construction	Once in service, in accordance with asset type

Notes to the Financial Statements *(Unaudited)*

l) Measurement uncertainty – The preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The Economic Development Agency of Canada for the Regions of Quebec receives most of its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Agency has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables.

Notes to the Financial Statements *(Unaudited)*

a) Reconciliation of net cost of operations to current year appropriations used:

(in thousands of dollars)	2007	2006
Net cost of operations	*330,877*	*299,269*
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
services provided without charge	*(6,100)*	*(5,957)*
chargeback – Justice Canada expenses	*(301)*	*(359)*
amortization of tangible capital assets	*(873)*	*(724)*
doubtful debt expenses	*(16,205)*	*(9,054)*
adjustment of prepaid expenses	*261*	*(6,877)*
loss on disposal and write down of tangible capital assets	*(3)*	*(8)*
vacation pay and compensatory leave	*(494)*	*(340)*
employee severance benefits	*(1,036)*	*(654)*
revenues and repayment of prior year expenditures	*1,504*	*929*
contribution repayments	*4,131*	*7,517*
account payable adjustment	*1,831*	*2,013*
	313,592	*285,755*
Adjustments for items not affecting cost of operations but affecting appropriations:		
Add (Less):		
acquisition of tangible capital assets	*433*	*977*
new loans	*50,877*	*47,505*
advances for training	*(3)*	*(2)*
Current year appropriations used	*364,899*	*334,235*

Notes to the Financial Statements *(Unaudited)*

b) Appropriations available and used

(in thousands of dollars)	2007	2006
Appropriations available:		
vote 1—Operating expenditures	45,735	46,638
vote 5—Grants and contributions	360,423	405,814
statutory amounts	5,117	5,793
	411,275	***458,245***
Less:		
appropriations available for future years	*(7)*	*(25)*
lapsed appropriations: Operating and Grants and contributions	*(46,369)*	*(123,985)*
Current year appropriations used	***364,899***	***334,235***

c) Reconciliation of net cash provided by Government to current year appropriations used

(in thousands of dollars)	2007	2006
Net cash provided by Government	*329,316*	*334,140*
Revenue not available for spending	*51,937*	*46,390*
	381,253	*380,530*
Change in net position in the Consolidated Revenue Fund		
variation in accounts receivable and advances	*(496)*	*5,280*
variation in accounts payable and accrued liabilities	*(1,297)*	*(39,291)*
other adjustments[1]	*(14,561)*	*(12,284)*
	(16,354)	***(46,295)***
Current year appropriations used	***364,899***	***334,235***

Note:

1 This item is primarily explained by the allowance for doubtful accounts of $16,205K in 2007 (2006 – $9,054K).

Notes to the Financial Statements *(Unaudited)*

4. Expenses

The following table presents details of expenses by category:

(in thousands of dollars)	2007	2006
Transfer payments		
Non-repayable contribution payments		
non-profit organizations	*145,884*	*141,412*
municipalities	*91,311*	*85,721*
industry	*20,982*	*8,219*
Conditionally repayable		
industry	*4,989*	*5,017*
Billed repayments of prior year contributions	*(4,131)*	*(7,517)*
Subtotal	*259,035*	*232,852*
Doubtful debts	*16,205*	*9,054*
Total transfer payments	*275,240*	*241,906*
Operations		
Salaries and employee benefits	*41,422*	*42,284*
Professional and special services	*6,142*	*6,547*
Rentals	*4,508*	*4,297*
Transportation and communications	*2,585*	*2,663*
Amortization	*873*	*724*
Equipment and furniture purchases	*508*	*684*
Information	*685*	*660*
Materials and supplies	*283*	*329*
Repairs and maintenance	*92*	*70*
Other	*33*	*11*
Loss on disposal of tangible capital assets	*3*	*8*
Total operating expenses	*57,134*	*58,277*
Total Expenses	*332,374*	*300,183*

Notes to the Financial Statements *(Unaudited)*

5. Revenues

The following table presents details of revenues by category:

(in thousands of dollars)	2007	2006
Interest – accounts receivable	*1,200*	*801*
Miscellaneous revenues	*297*	*113*
Total revenues	***1,497***	***914***

6. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	2007	2006
Receivables from other Federal Government departments and agencies	*739*	*292*
Receivables from external parties	*5,517*	*5,502*
Employee advances	*22*	*12*
	6,278	*5,806*
Less: Allowance for doubtful accounts on external receivables	*5,137*	*5,228*
Total	***1,141***	***578***

7. Loans Receivable

Loans receivable (unconditionally repayable contributions) are transfer payments made to eligible recipients for implementation of a project. The contribution agreement sets out stringent repayment arrangements which determine the date and amount of payments. Generally speaking, the repayment schedule is no more than five years in length, commencing no later than two years after the project completion date.

(in thousands of dollars)	2007	2006
Contributions repayable at beginning of period	*287,824*	*278,239*
New contributions paid	*50,877*	*47,505*
Repayments received and other credits (write-offs)	*(46,297)*	*(37,920)*
Contributions repayable at end of period	*292,404*	*287,824*
Allowance for uncollectibility	*(135,173)*	*(134,992)*
Total	***157,231***	***152,832***

Notes to the Financial Statements *(Unaudited)*

8. Tangible Capital Assets

Capital asset class	Opening balance	Acquisitions	Disposals/Transfers of work in progress	Closing balance	Opening balance	Amortization	Disposals	Closing balance	Net book value	Net book value
(in thousands of dollars)	Cost				Accumulated amortization				2007	2006
Computer hardware	*807*	*157*	*—*	*964*	*309*	*148*	*—*	*457*	*507*	*498*
Computer software	*2,485*	*40*	*290*	*2,815*	*1,070*	*569*	*—*	*1,639*	*1,176*	*1,415*
Other equipment	*167*	*—*	*—*	*167*	*12*	*21*	*—*	*33*	*134*	*155*
Motor vehicles	*505*	*—*	*(48)*	*457*	*213*	*59*	*37*	*235*	*222*	*292*
Leasehold improvements	*282*	*—*	*—*	*282*	*92*	*76*	*—*	*168*	*114*	*190*
Development of Hermès application - Programs	*54*	*236*	*(290)*	*—*	*—*	*—*	*—*	*—*	*—*	*54*
Total	***4,300***	***433***	***(48)***	***4,685***	***1,696***	***873***	***37***	***2,532***	***2,153***	***2,604***

Amortization expense for the year ended March 31, 2007 is $873K (2006 - $724K).

Notes to the Financial Statements *(Unaudited)*

9. Employee benefits

a) Pension benefits – The Agency's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plan benefits and are indexed to inflation.

Both the employees and the Agency contribute to the cost of the Plan. The 2006-2007 expense amounts to $3,747K ($4,208K in 2005-2006), which represents approximately 2.2 times the contributions by employees (2.6 times in 2005-2006).

The Agency's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

b) Severance benefits – The Agency provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2007	2006
Accrued benefit obligation, beginning of year	*5,417*	*4,763*
Expense for the year	*1,547*	*942*
Benefits paid during the year	*(511)*	*(288)*
Accrued benefit obligation, end of year	*6,453*	*5,417*

Notes to the Financial Statements *(Unaudited)*

10. Contingent liability

Claims and litigation – A claim has been made against the Agency in the normal course of operations. Legal proceedings for a claim totalling $127,477 were still pending at March 31, 2007. Some of this potential liability may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded in the financial statements. Since legal counsel are of the view that the Agency will not have to pay this sum, no expense was recorded in the financial statements.

11. Contractual Obligations

The nature of the Agency's activities can result in some multi-year obligations whereby the Agency will be obligated to make future payments. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2008	2009	2010	2011	2012 and thereafter	Total
Transfer payments	*314,566*	*98,793*	*46,276*	*11,060*	*13,672*	*484,367*
Loans and advances	*49,323*	*20,082*	*4,391*	*2,637*	—	*76,433*
Total	***363,889***	***118,875***	***50,667***	***13,697***	***13,672***	***560,800***

12. Related party transactions

The Agency is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The Agency enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the Agency received services which were obtained without charge from other Government departments as presented in Part (a).

a) Services provided without charge – During the year the Agency received services without charge from other departments (accommodation, legal fees and the employer's contribution to the health and dental insurance plans). These services without charge have been recognized in the Agency's Statement of Operations as follows:

(in thousands of dollars)	2007	2006
Accommodation	*3,200*	*3,148*
Employer's contribution to the health and dental insurance plans	*2,547*	*2,602*
Legal services	*353*	*207*
Total	***6,100***	***5,957***

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Agency's Statement of Operations.

b) Payables and receivables outstanding at year-end with related parties:

(in thousands of dollars)	2007	2006
Accounts receivable with other Government departments and agencies	*739*	*292*
Accounts payable to other Government departments and agencies	*375*	*2,026*

3.4 Response to Parliamentary Committees, audits and evaluations for Fiscal Year 2006-2007

Response to Parliamentary Committees

- No recommendations were issued by any Parliamentary Committees concerning the Agency during FY 2006-2007.

Response to Auditor General of Canada reports, including reports from the Commissioner of the Environment and Sustainable Development

- The Agency was not the subject of any Office of the Auditor General (OAG) audits during FY 2006-2007.
- In her report tabled in the House of Commons on September 28, 2006, the Commissioner of the Environment and Sustainable Development indicated that the Agency ranked among departments which have taken steps to plan, implement and monitor implementation of government commitments with respect to sustainable development. For its actions, the Agency received the "satisfactory" rating from the Commissioner.

The Report of the Commissioner of the Environment and Sustainable Development is available on the Auditor General of Canada site at www.oag-bvg.gc.ca/domino/reports.nsf/html/c20060904ce.html.

Previous reports from the Office of the Auditor General and the Office of the Commissioner are available on the OAG Web site at www.oag-bvg.gc.ca.

External audit by the Office of the Commissioner of Official Languages

- The Office of the Commissioner of Official Languages (OCOL) published its annual report on May 15, 2007. This report presents *Performance Report Cards for federal institutions* with respect to official languages. The report card compares the Agency's performance with that of other federal agencies. In June 2006, the OCOL conducted an enquiry to assess the quality of counter and telephone services provided for the English-language minority in the Agency's bilingual-designated offices. The OCOL gave the Agency a "good" rating in terms of respect for linguistic duality.

The Agency's Performance Report Card is available on the OCOL site at www.ocol-clo.gc.ca/html/ced_dec_06_07_e.php

Internal audit reports approved for FY 2006-2007

Date of approval at Departmental Audit Committee	Reports
March 22, 2007	*Audit of compliance with official language contractual requirements by designated Community Futures Development Corporations (CFDCs) and Business Development Centre (BDC)* www.dec-ced.gc.ca/Complements/Publications/Verification-EN/Verif_llo_sadc-cae_en.htm
March 22, 2007	*Recipient audit – Softwood Industry and Community Economic Adjustment Initiative (SICEAI)* www.dec-ced.gc.ca/Complements/Publications/Verification-EN/INAEICB_2007_03_en.html
March 22, 2007	*Audit of 2000 Canada-Quebec Agreement relative to the Infrastructure Works Program – Period ended March 31, 2005* www.dec-ced.gc.ca/Complements/Publications/Verification-EN/RCGT_2004-2005_en.html
March 22, 2007	*Internal audit – Infrastructure Branch, Compliance with key project approval and contribution payment process controls, 2005-2006* www.dec-ced.gc.ca/Complements/Publications/Verification-EN/ConformiteProcApprob/ConformiteProcApprob_2007_en.htm

Compliance with official language contractual requirements by designated CFDCs and BDC

This audit concluded that, overall, the audited CFDCs and BDC provide the public they serve with an acceptable level service in both official languages.

That being said, the Agency is conscious that there is room to improve the active offering of services to local official language minority communities, as well as relations with these communities.

The Agency has implemented action plans to that end. More specifically, it has taken steps to raise the awareness of the CFDCs and BDC concerned, and it has amended the agreements reached with them.

Recipient audit – Softwood Industry and Community Economic Adjustment Initiative (SICEAI)

The audit provided the Agency with reasonable assurance that the recipients of this initiative met all the important conditions of the contribution agreements.

However, the study revealed that it would be in the Agency's interest to track project files more closely, in order to ensure better monitoring of the contribution agreement clauses with respect to project deadlines (project start and end dates) and eligible costs.

The action plans developed in this area will enable the Agency to institute the necessary corrective measures when future short-term programs similar to the SICEAI are set up or when new programming is implemented.

Infrastructure Canada Program

The two audit reports on this program conclude that the systems and procedures put in place by the Agency with regard to implementation of this program are appropriate. Payments are also made in line with government standards. The auditors made no recommendations to the Agency.

The audit and evaluation of the Social Economy Initiative scheduled in 2006-2007 have been postponed to the next fiscal year. In fact, implementation of this initiative was not carried out as rapidly as planned.

Evaluation report

Comprehensive Evaluation Report:

www.dec-ced.gc.ca/Complements/Publications/PublicationAgence-EN/Rap_Parlement_2006/index_en.html

Evaluation of the Sustainable Development Strategy 2003-2006:

www.dec-ced.gc.ca/Complements/Publications/Strategie-FR/sdd_2003-2006/index_EN.html

Report to Parliament 2006 (Comprehensive Evaluation Report)

In line with a requirement enshrined in the Agency's enabling legislation, the Deputy Head of the Agency is required, every five years, to table in Parliament a comprehensive evaluation report on its activities. This report highlights the Agency's achievements since its enabling legislation took effect in October 2005, describes lessons learned, and presents the design and implementation plan for its main programs. The Agency tabled its first Comprehensive Evaluation Report in 2007. The following points emerge:

- *The Agency practises results-based management:*

  buoyed by lessons learned from prior evaluations, the Agency ensures that its programs and management methods are increasingly results-based. The results targeted by its programs are now well defined, then translated into precise indicators. The Agency wants to be in a position, in the medium term, to specify the levels of results to be attained.

- *The Agency addresses development issues with an integrated approach:*

  the Agency addresses economic development issues by means of a comprehensive, territorial, horizontal and participatory approach. It wishes to take into account both the economic, social, cultural and environmental dimensions of development. This enables it to take greater account of the fact that development needs and priorities are not the same from one region of Quebec to another.

- *The Agency has improved its accountability:*

  the Agency is continuing its efforts to enhance the measurement, evaluation and reporting of the results of its intervention. Since departmental performance measurement depends on the Agency's capacity to access reliable, accurate data on the results and costs of its programs and activities, it has undertaken preparatory work for implementation of an effective, efficient performance information management system.

Evaluation of the Sustainable Development Strategy 2003-2006 (SDS)

The evaluation of the Agency's Sustainable Development Strategy 2003-2006 indicates that:

- **With regard to timeliness:**
  - the SDS would gain from being deployed in line with a moderated approach reflecting the specific characteristics and needs of each region
  - the SDS should be configured so as to lead the Agency to exert a leverage effect on sustainable development in the regions, and to make a real difference on the environmental front when growth-generating projects are carried out by SMEs and NPOs.

- **With regard to implementation:**
  - advisors could play a more proactive role in guiding promoters and coordinating their action if they had enhanced capability
  - a review should be conducted of the offering of services available within the framework of existing partnerships with federal departments and agencies, so as to draw on their expertise in sustainable development.

- **With regard to performance:**
  - it is difficult for the Agency to obtain the data required to calculate the quantitative results achieved through productivity enhancement projects; to mitigate this problem, it should put collection and interpretation mechanisms in place for data with respect to sustainable development that are independent of the business offices
  - the Agency should improve the formulation of the targets presented in the external component of the SDS; it should also adapt more closely to its priorities the targets it sets itself in the internal component.

An evaluation of the Agency's main programs (IDEA-SME and RSI) was also conducted during the previous fiscal year, to prepare the Agency's program renewal. In 2006-2007, efforts were therefore focussed primarily on drawing up results-based management and accountability frameworks to be applied to the Agency's three new programs, and on preparing its next five-year evaluation plan.

4

OTHER TOPICS OF INTEREST

4.1 Citizen-focussed service

The Agency has contributed in several ways to improving this aspect of the MAF, notably through the Service Improvement Initiative, the Government On-line initiative and the steps it has taken to apply the *Official Languages Act*.

4.1.1 Service Improvement Initiative

For more than 10 years now, the Agency has been involved in a large-scale approach to offer quality services and ensure rigorous management of its program delivery. In fact, since 1997 the Agency has met the requirements of the ISO international standard with respect to quality management. All of its intervention tools are targeted by its service improvement plan.

Measurement of applicants' satisfaction and progress accomplished toward attaining Agency objectives

Since 2000, for consistency in the results attained by the Agency and to make it possible to compare them, the Agency's yearly survey has included questions concerning the satisfaction of the different applicants, drawn from the Government of Canada's *Common Measurements Tool*.

To evaluate its ability to meet the expectations of promoters of the projects it supports during the year, the Agency also uses the results of the post-service evaluation questionnaires it sends them.

Finally, the information gathered by the Agency through program evaluations or studies also informs its reflection and enables it to derive ways in which to improve its programs and services.

In short, to understand properly the needs and expectations of its targeted promoters and ensure the continuous improvement of its programs and services, the Agency uses several information sources.

The Agency's objectives concerning recipient satisfaction are established by means of historical data, frequently revised and approved by senior management. The Agency has obtained high levels of satisfaction over the past few years, and set itself the objective of maintaining them while pursuing its continuous improvement efforts. It also set itself service standards stating its commitment to offering quality service. These standards are published on its Web site and attached to correspondence addressed to promoters applying to the Agency.

The following table presents the Agency's results with respect to promoter satisfaction. The satisfaction levels recorded exceed the Agency's objectives or service standards in all cases except the time the Agency takes to respond to applications for financial assistance.

The variation from the Agency's goal may be attributable to different factors, among them the establishment of new initiatives by the Agency, adoption of a new project approval procedure, approval of new directions with respect to organizations, and the termination of the IDEA-SME and RSI programs as of March 31, 2007. These changes required a running-in period and entailed a significant increase in the number of files to be processed. This situation may have led to dissatisfaction among a number of promoters. In particular, the level of dissatisfaction of those who had already dealt with the Agency is higher than among new promoters. Over the next fiscal year, it plans to pursue its staff training and supervision efforts and review its service standards and procedures with respect to application processing.

Promoter satisfaction

Main aspects of service	Objectives	2006-2007
Quality of services in general[a]	90%	93.0%
Access to services[a]	85%	89.5%
Guidance through procedure[a]	85%	86.8%
Ability to meet promoters' needs[a]	85%	86.7%
Fairness and impartiality of services[a]	N/A[1]	88.4%
Financial assistance application response time[a]	80%	68.2%
Claim response time[a]	80%	78.9%
Telephone call response time[b]	N/A[1]	80.4%
E-mail response time[b]	N/A[1]	81.4%
Competence of staff[a]	90%	93.1%
Courtesy of staff[a]	95%	97.1%
Clarity of documents and information brochures[a]	N/A[1]	92.4%
Clarity of contribution agreements[a]	N/A[1]	92.7%

a) Percentage of promoters stating that they are "very satisfied" or "satisfied" with the services received. The Agency uses the satisfaction scale from the Government of Canada's *Common Measurements Tool*, namely: "very satisfied", "satisfied", "neutral", "dissatisfied", "very dissatisfied". N = 929 respondents.

b) Percentage of promoters stating that advisors always returned their telephone call or e-mail within two days.

Note:

1 N/A = Not applicable. While it has no specific objective for these aspects of service, in a concern for continuous improvement the Agency tracks promoters' satisfaction.

4.2 Sustainable Development Strategy

The Agency's 2003-2006 Sustainable Development Strategy is divided into two components, an internal component comprising objectives for the greening of Agency operations, and an external component aimed at helping enterprises maintain and reinforce their competitiveness by putting sustainable development practices in place. As mentioned earlier, the strategy has been the subject of an evaluation (see Section 3.4).

The following table presents the Agency's commitments and achievements under its 2003-2006 Sustainable Development Strategy. In fact, the Agency focussed particularly on preparing the new 2007-2010 strategy, drawing lessons from the evaluation of the 2003-2006 strategy (see Section 3.4). This learning notably prompted it to reinforce its governance in order to support sustainable development. In particular, the Agency intends to integrate its commitments with respect to sustainable development with its planning and decision-making processes, develop robust governance mechanisms and train its personnel.

Sustainable Development Strategy 2003-2006

Commitments	Achievements
INTERNAL COMPONENT	
Goal to make the SDS a tool for change within the organization by further integrating the Agency's sustainable development concerns in its day-to-day operations.	
Objectives:	
▪ train staff	An identification, analysis and tracking tool was developed for sustainable development projects. Two training sessions on greenhouse gases were held in business offices.
▪ promote sustainable development	The Agency introduced measures to promote sustainable development: each of its business offices designated a sustainable development *champion*, the Agency maintained its sustainable development committee, and supervisory staff refer to sustainable development at new employee orientation sessions.
▪ continue greening	The Agency continued its greening efforts: imposition of double-sided printing at all business offices. Since October 2006, the Agency has had a policy of purchasing recycled paper from Quebec. Gas consumption and pollutant emissions from the Agency's motor vehicle fleet have plummeted since 2005, since staff have made greater use of hybrid (gasoline/electric) vehicles. Seven out of the Agency's 19 vehicles are hybrid. ▪ Fuel consumption dropped by more than 44%, from 60,251 litres in 2003 to 33,527 litres in 2006. This decrease had an impact on greenhouse gas emissions, which fell by 38%, from 127,896 kg of CO_2 in 2003 to 78,731 kg of CO_2 in 2006. ▪ The practice of purchasing low gasoline-burning hybrid vehicles is envisaged when replacing each current vehicle.

Sustainable Development Strategy 2003-2006 *(continued)*

Commitments	Achievements
▪ ensure better environmental reporting	▪ Reinforcement of governance to support sustainable development (integration of sustainable development commitments in planning and decision-making processes, design of governance mechanisms, staff training).

EXTERNAL COMPONENT

Goal

to play a strategic role in advancing understanding and taking ownership of the principles of sustainable development by SMEs, the regions of Quebec and the Agency's private and public partners, in a perspective of financial, economic and social viability.

Objectives

▪ encourage and help SMEs to adopt sustainable development practices in their operations	▪ Under its agreement with Environment Canada, the Agency supported the completion by SMEs of 173 projects with direct and indirect environmental impact, most frequently concerning reduced waste production and recycling of waste.
▪ foster development and commercialization of innovations in sustainable development	▪ The Agency helped 37 enterprises (objective: 40) develop new technology or new processes associated with the harnessing of natural resources and helped 31 SMEs (objective: 25) commercialize their technologies. The Agency also invested in 20 other testing and experimentation projects carried out by specialized organizations. If the results of these projects are conclusive in the medium term, they will enable several SMEs to develop and commercialize new technology.
▪ foster development, dissemination and sharing of knowledge with respect to sustainable development.	▪ The Agency attained its objective of providing financial assistance for 15 projects from research bodies targeting development and dissemination of knowledge with respect to sustainable development.

Appendix 1

The Agency's regional development intervention tools

As presented in the first section, the Agency uses and places at promoters' disposal a broad range of tools that enable it to support regional development in Quebec.

Guidance and advice

The Agency helps development agents design policy, strategy, business plans, action plans or projects, and helps them plan financial packages, identify funding sources, and so on.

At the Agency, advice and guidance are services delivered to an entrepreneur or a local development agent on an individual basis, geared to his specific situation. Advice is provided on an ad-hoc basis, while guidance constitutes systematic, sustained, prolonged assistance, with the Agency guiding the enterprise or organization at various stages along the path toward design and implementation of its project.

Information and referrals

The Agency produces timely information so entrepreneurs and local and regional development agents may reach informed decisions, ensuring that this information is accessible and usable. It also conveys information to development agents likely to provide a timely, appropriate response to the specific needs of enterprises and organizations.

In this regard, the Agency works with the Canada Business Service Centres operating in Quebec, namely, *Info entreprises* in Montréal and *Ressources Entreprises* in Québec, for Eastern Quebec. These organizations deliver information and referral services and reference material to entrepreneurs and local and regional development agents throughout Quebec.

Financial support

Under its programming, the Agency makes both repayable and non-repayable contributions and, in exceptional cases, grants to promoters. Its programs are divided into the categories presented below:

Economic development Agency of Canada for the regions of Quebec—Programs

Regular programming associated with the Agency's core mandate

- Innovation, development of entrepreneurship and access program for SMEs – *terminated March 31, 2007*
- Regional Strategic Initiatives program – *terminated March 31, 2007*
- Community Futures Program

Programs under mandates from the Government of Canada and other federal departments

- Municipal Rural Infrastructure Fund
- Canadian Textiles Program CANtex
- Infrastructure Canada Program
- Canada Strategic Infrastructure Fund.

The Agency reviewed its programs in 2006-2007. Since April 1, 2007, new programs have been in effect. For further information, see: www.dec-ced.gc.ca, under *Programs*.

LIST OF THE SEVEN REGIONS AND 21 DEVITALIZED RCMs ELIGIBLE FOR THE FOLLOWING MEASURES AND INITIATIVES

CEDI-Vitality, Community Economic Facilities and Venture Capital Fund for Business Startups in the Regions

On the basis of a devitalization index, the Agency has targeted seven regions and 21 RCMs which have an immediate need of support for diversification of their socio-economic structure. Spread over 474 municipalities, the population of these seven regions stands at 1.1 million, or 14.8% of the population of Quebec. The seven Quebec regions posting slow economic growth are:

- Abitibi-Témiscamingue
- Bas-Saint-Laurent
- Côte-Nord
- Gaspésie—Îles-de-la-Madeleine
- Mauricie
- Nord-du-Québec
- Saguenay—Lac-Saint-Jean.

There are also some highly devitalized areas (RCMs) outside the seven regions with slow economic growth mentioned above, areas to which special attention should be paid. Spread over 321 municipalities, the population of these 21 RCMs totals almost 500,000, or 6.9% of Quebec's overall population. These areas are the following:

- La Vallée-de-la-Gatineau *(Outaouais)*
- Papineau *(Outaouais)*
- Pontiac *(Outaouais)*
- Charlevoix-Est *(Québec)*
- Charlevoix *(Québec)*
- Les Etchemins *(Chaudière-Appalaches)*
- L'Islet *(Chaudière-Appalaches)*
- L'Amiante *(Chaudière-Appalaches)*
- Montmagny *(Chaudière-Appalaches)*
- Nicolet-Yamaska *(Centre-du-Québec)*
- L'Érable *(Centre-du-Québec)*
- Asbestos *(Estrie)*
- Le Haut-Saint-François *(Estrie)*
- Le Granit *(Estrie)*
- Matawinie *(Lanaudière)*
- Montcalm *(Lanaudière)*
- D'Autray *(Lanaudière)*
- Antoine-Labelle *(Laurentides)*
- Argenteuil *(Laurentides)*
- Le Haut-Saint-Laurent *(Montérégie)*
- Acton *(Montérégie)*.

Appendix 2

Agency performance measurement methodology

Two reference bases[17] are used in this report to illustrate Agency achievements and performance (see box in Section 2.1). To present its main outputs, that is, services delivered by the Agency to attain planned results, the reference base used is that of new financial contribution agreements approved between April 1, 2006 and March 31, 2007.

To present the main results observed as of March 31, 2007, the reference base used is that of *projects in progress*, or active projects, that is, projects for which an expenditure was made during FY 2006-2007. In fact, for the Agency to be able to report results for a project, that project has to have been the subject of an expenditure, that is, activities contributing to the attainment of results must have been carried out.

The reference base of *projects in progress* is particularly representative of Agency intervention, since it measures the results of projects that have been implemented, continued or completed during a fiscal year, and not just of agreements approved during that year. In short, this reference base provides a more accurate picture of the results attained by the Agency in 2006-2007. Some of the projects taken into account in 2006-2007 by this reference base will be completed during subsequent fiscal year, so their results will also be reported in future performance reports.

In addition, information on financial resources used is presented according to three parameters, namely, *actual expenditures*, *planned spending* and *total expenditures incurred*:

- *Actual expenditures* are those made by the Agency for projects in progress for a given fiscal year.
- *Planned spending* constitutes expenditures presented in the *Report on Plans and Priorities 2006-2007*.

17 The two reference bases are not mutually exclusive. New contribution agreements approved during FY 2006-2007 may also have been the subject of an expenditure, and thus of activities leading to results. They are therefore included in the reference base of projects in progress when this report states results observed as of March 31, 2007.

- *Total expenditures incurred* are those made from the start of the projects being implemented up to a given fiscal year. Since projects in progress may have begun during a fiscal year prior to the one being reported on, total expenditures incurred for projects in progress include spending made during previous fiscal years.

Data collection methods

The Agency's performance measurement strategy involves two data collection methods:

- a yearly telephone survey of promoters and non-recipients is conducted
- advisors apply the Agency's project tracking mechanism.

Telephone survey

The data presented come from the yearly survey conducted by a poll firm on the Agency's behalf. The survey was conducted between July 4, 2007 and August 7, 2007. A database was set up comprising all projects approved or active during FY 2006-2007. This database included 2,192 projects, but excluded Infrastructure Canada Program projects. From this database, we selected a single project per promoter (either the most recent or the project receiving the most financial assistance from the Agency), so as to reduce the burden of responding for those who received financial assistance for more than one project during the reference period.

The database sent to the firm included contact information for 1,495 distinct promoters, and the final sample comprised 1,351 promoters. The telephone survey response rate was 71.3%. The margin of error was 1.7%, 19 times out of 20.

Project tracking mechanism

The project tracking mechanism applied by advisors in the Agency's different business offices led to gathering of the necessary information on results from projects conducted by organizations offering services to enterprises or supporting development.

This mechanism is in three phases. The first phase involves drawing up a list of indicators to be documented and establishing a database comprising all projects in progress in 2006-2007. The database contained 1,153 projects in 2006-2007.

The second phase comprised the data collection. The data collection period ran July 3 to 30, 2007. A list of projects by advisor was sent to each Agency business office or responsibility centre. Each advisor was given responsibility for compiling information from the activity reports of the different organizations supported by the Agency or contacting the representatives of the business assistance or development

support organizations concerned. The data were input into a Web application developed in conjunction with the Technology Directorate. In each business office, an individual was responsible for coordination to ensure that deadlines were met.

The third phase involved validation of the data gathered by the advisors. The Integrated Planning Directorate, which is responsible for drafting the Departmental Performance Report, conducted an initial validation on the basis of certain criteria. It then forwarded a consolidated file to each of the individuals responsible in the business offices or responsibility centres, who verified the data quality. This validation period ran from July 26 to August 3, 2007.

Scope and methodological limitations of the performance measurement strategy

Levels of results observed

The Agency has adopted a results-based management approach. In this regard, as mentioned earlier, its results are of different levels: immediate, intermediate and final.

By their very nature, the results of Agency intervention are achieved over a period of more than one year. The methodology behind the Performance Report—yearly survey and gathering of information—does not allow for measurement of final results, so the report documents only part of the results attained through Agency support. For instance, capital projects or innovation support projects can be spread over more than one year, and anticipated results do not necessarily arise during the year in which the projects were approved and contributions paid.

Moreover, other projects may have ended only shortly before, and their main effects, notably in terms of job maintenance or creation, will appear only later and so cannot be documented in this report.

Therefore this report presents primarily the immediate results attained, along with some intermediate results. For the final results of Agency intervention, the reader must refer to the different summative evaluation reports on that intervention. Several reports have been produced over the past few years to deliver that type of information.

In short, the results presented in this report constitute only part of the results to which the Agency contributes. In fact, its tracking efforts mean the results of most projects are known, but for the reasons mentioned above some results cannot be measured or observed.

Factors related to the performance measurement methodology used also prevent the Agency from evaluating the overall results of its actions. One of the methodological limitations of the yearly survey conducted by the Agency lies in the fact that it is difficult to reach enterprises during the summer. While the response rate obtained by the Agency is highly satisfactory at more than 70%, it does mean that the projects of many enterprises are not taken into account when the results are analysed. Moreover, an enterprise may have received financial assistance for more than one project, but in order to avoid increasing the burden on its promoters, the Agency gathers information on only one project per enterprise. Some of the enterprises not reached might also not be in a position to provide results owing to the status of certain projects at the time of the data collection (some projects being still in the planning or implementation stage).

These factors have an impact, one way or another, on the Agency's ability to evaluate project results. Through the implementation of results-based management practices and an enhanced strategy for measuring its performance, the Agency intends in future to increase its ability to document more effectively the overall results attained through its intervention.

As to the scope of performance measurement, 859 active projects were implemented by promoter enterprises benefiting from Agency financial support (n = 859), and respondents represented some 60% (498/859) of the enterprises supported financially by the Agency during FY 2006-2007.

As to the gathering of information for projects whose promoters are organizations, almost all the 1,114 projects were documented. On the other hand, the nature of the information gathered varies from project to project, depending on the status of the projects and the scope of the performance agreements with the organizations.

Results with respect to employment

In the context of this report, the Agency counts jobs created or maintained directly or indirectly through its intervention. In the first case, this involves a statement from respondents to the telephone survey as to the number of jobs created or maintained. In the other case, it involves jobs that are created or maintained in enterprises receiving assistance from business service organizations and are documented under their contribution agreements. The quality of tracking systems can vary from one organization to another. This information is conveyed to the advisor in the business office responsible for their project.

Finally, the definition used by CFDCs and BDCs for measuring job creation and maintenance differs from the Agency's. Whereas the Agency measures job created and maintained through its financial contributions, the CFDCs and BDCs count jobs maintained or created as a result of financial support and following technical assistance. For that reason, the employment results are presented distinctly.

Attribution of results

Moreover, since it works closely with several departments and agencies of the Government of Canada and the Government of Quebec as well as with many local and regional agents in providing funds for projects, the Agency cannot alone claim merit or responsibility for all the results attained. So it is fair to say that the financial assistance provided by the Agency for project implementation *contributes* to the attainment of the results observed.

Enhancement of the performance measurement strategy

In addition to implementing its performance management framework and linking it closely to its new Program Activity Architecture, the Agency will in future be applying enhanced information management mechanisms, and over the next few fiscal years this should improve its ability to document the overall results attained through its support.

Appendix 3

Technical notes on result tables

Agency's overall performance

Data sources:

- information on results gathered by advisors from business service or development organizations
- yearly survey of enterprises.

❶ Commercialization and exports

Information on the 307 new exporting enterprises, i.e. those exporting to foreign markets for the first time: for 81 enterprises it comes from the telephone survey of enterprises, while for 226 it comes from information gathered by advisors from business service organizations (n = 28).

Information on the 715 enterprises which made sales on new markets, for 81 enterprises it comes from the telephone survey, while for 634 it comes from information gathered by advisors from business service organizations (n = 38).

❷ Innovation and productivity

Information on the 1,095 enterprises which developed an innovation action plan comes from information gathered by advisors from business service organizations (n = 50).

Information on the 901 enterprises which designed a new product or improved an existing product comes from information gathered by advisors from business service organizations (n = 73).

Information on the 149 enterprises which developed new products or services ready to be commercialized comes from the telephone survey of enterprises.

Information on the 401 enterprises which developed higher-performance processes: for 93 enterprises it comes from the telephone survey of enterprises, while for 308 it comes from information gathered by advisors from business service organizations (n = 44).

Information on the 14 enterprises which obtained a patent comes from the telephone survey of enterprises.

❸ Business growth

Information on the 2,777 enterprises in pre-startup, startup or expansion, for 30 enterprises it comes from the telephone survey of enterprises, while for 2,747 it comes from information gathered by advisors from business service organizations (n = 89).

Information on the 94 enterprises which modernized or expanded their facilities or equipment comes from the telephone survey of enterprises.

Information on the 169 enterprises which increased their sales comes from the telephone survey of enterprises.

Information on the 219 enterprises which increased their profitability comes from the telephone survey of enterprises.

Information on the 248 enterprises which improved their competitive position comes from the telephone survey of enterprises.

❹ Employment

Information on the 18,169 jobs created or maintained: for 6,686 jobs it comes from the telephone survey of enterprises (n = 386), while for 11,483 it comes from information gathered by advisors from business service organizations (n = 111).

❺ Regions' and communities' dynamism

Information on the 775 local or regional development strategies or projects comes from information gathered by advisors from business service organizations (n = 116).

❻ Incentive nature of Agency financial assistance

Proportion of respondent recipients stating that they could not have carried out their project without Agency financial assistance or that they could not have carried out their project on the same scale or within the same timeframe (712 respondents out of 730; 97.5%).

❼ Leverage effect

The leverage effect is calculated from the following financial data:

- number of projects in progress as at March 31, 2007 = 2,261
- total value of projects supported = $4,173,922
- financial commitment with respect to these projects: $1,314,412.

Improvement of the economic environment of regions

Data sources:

- information on results gathered by advisors from business service or development organizations
- yearly survey of enterprises.

❶ Regions' and communities' dynamism

Information on the 193 regional development strategies comes from information gathered by advisors from development organizations (n = 108). Cumulative result since start of project.

Information on the 582 development projects comes from information gathered by advisors from development organizations (n = 116). Cumulative result since start of project.

❷ Local and regional entrepreneurship

Information on the 2,077 enterprises in pre-startup, startup or expansion comes from information gathered by advisors from development organizations (n = 63).

Information on the 306 enterprises which developed an innovation action plan comes from information gathered by advisors from development organizations (n = 21).

Information on the 327 enterprises which developed a new product or improved an existing product comes from information gathered by advisors from development organizations (n = 34).

Information on the 166 enterprises which commercialized a new product comes from information gathered by advisors from development organizations (n = 29).

Information on the 33 enterprises which exported for the first time comes from information gathered by advisors from development organizations (n = 10).

❸ Employment

Information on the 9,032 jobs created or maintained: for 702 jobs it comes from the telephone survey of enterprises (n = 52), while for 8,330 it comes from information gathered by advisors from development organizations (n = 86).

❹ Quebec regions' capability to attract foreign tourists

The information gathered comes from organizations which conduct international promotion of the regions of Quebec. These are not distinct travellers. A tourist may have been counted more than once if he visited more than one region or attended more than one festival or event.

❺ Incentive nature of Agency financial assistance

Proportion of respondent recipients stating that they could not have carried out their project without Agency financial assistance or that they could not have carried out their project on the same scale or within the same timeframe (294 respondents out of 297; 98.9%).

❻ Leverage effect

The leverage effect is calculated from the following financial data:

- number of projects in progress as at March 31, 2007 = 1,026
- total value of projects supported = $1,632,470
- financial commitment with respect to these projects: $595,085.

Provision of special adjustment measures

Data sources:

- information on results gathered by advisors from business service or development organizations
- yearly survey of enterprises.

❶ Innovation and productivity

Information on the 28 enterprises which developed higher-performance processes comes from the telephone survey of enterprises.

Information on the 16 enterprises which developed new products or services ready to be commercialized comes from the telephone survey of enterprises.

❷ Business growth

Information on the 21 enterprises which increased their sales comes from the telephone survey of enterprises. The average sales increase was calculated using a 5% trimmed mean, eliminating extreme values. The average sales increase concerns only the findings of the telephone survey.

Information on the 31 enterprises which increased their profitability comes from the telephone survey of enterprises.

Information on the 31 enterprises which improved their competitive position comes from the telephone survey of enterprises.

❼ Employment

Information on the 1,398 jobs created or maintained comes from the telephone survey of enterprises (n = 31).

Enterprise development

Data sources:

- information on results gathered by advisors from business service or development organizations
- yearly survey of enterprises.

❶ Commercialization and exports

Information on the 274 new enterprises exporting to foreign markets for the first time: for 81 enterprises it comes from the telephone survey of enterprises, while for 193 it comes from information gathered by advisors from business service organizations (n = 18).

Information on the 590 enterprises which made sales on new markets, for 79 enterprises it comes from the telephone survey, while for 511 it comes from information gathered by advisors from business service organizations (n = 19). The average sales increase on new markets was calculated using a 5% trimmed mean, eliminating extreme values. The average sales increase concerns only the findings of the telephone survey.

❷ Innovation and productivity

Information on the 854 enterprises which adopted or integrated a new business practice comes from information gathered by advisors from business service organizations (n = 41).

Information on the 789 enterprises which developed an innovation action plan comes from information gathered by advisors from business service organizations (n = 29).

Information on the 574 enterprises which designed a new product or improved an existing product comes from information gathered by advisors from business service organizations (n = 73).

Information on the 119 enterprises which developed higher-performance processes comes from the telephone survey of enterprises.

Information on the 216 enterprises which developed new products or services ready to be commercialized: for 74 enterprises it comes from the telephone survey of enterprises, while for 142 it comes from information gathered by advisors from business service organizations (n = 15).

Information on the 12 enterprises which obtained a patent comes from the telephone survey of enterprises.

❸ Business growth

Information on the 700 enterprises which are in pre-startup, startup or expansion: for 14 entreprises it comes from the telephone survey of enterprises, while for 686 it comes from information gathered by advisors from business service organizations (n = 40).

Information on the 46 enterprises which modernized or expanded their facilities or equipment comes from the telephone survey of enterprises.

Information on the 164 enterprises which increased their sales comes from the telephone survey of enterprises. The average sales increase was calculated using a 5% trimmed mean, eliminating extreme values. The average sales increase concerns only the findings of the telephone survey.

Information on the 148 enterprises which increased their profitability comes from the telephone survey of enterprises.

Information on the 169 enterprises which improved their competitive position comes from the telephone survey of enterprises.

❹ Employment

Information on the 7,739 jobs created or maintained: for 4,586 jobs it comes from the telephone survey of enterprises (n = 303), while for 3,153 it comes from information gathered by advisors from development organizations (n = 40).

❽ Incentive nature of Agency financial assistance

Proportion of respondent recipients stating that they could not have carried out their project without Agency financial assistance or that they could not have carried out their project on the same scale or within the same timeframe (418 respondents out of 433; 96.5%).

❾ Leverage effect

The leverage effect is calculated from the following financial data:

- number of projects in progress as at March 31, 2007 = 974
- total value of projects supported = $1,639,146
- financial commitment with respect to these projects: $441,192.

Appendix 4

List of acronyms

BDC	Business Development Centre
CANtex	Canadian Textiles Program
CEDI-Vitality	Community Economic Diversification Initiative – Vitality
CFDC	Community Futures Development Corporation
CFP	Community Futures Program
CMA	Census Metropolitan Area
CSIF	Canada Strategic Infrastructure Fund
CSPGIME	Canadian Support Program for the Gaspésie—Îles-de-la-Madeleine Economy
FTE	Full-time equivalent employee
ICP	Infrastructure Canada Program
IDEA-SME	Innovation, development of entrepreneurship and access program for SMEs
MAF	*Management Accountability Framework*
MRIF	Municipal Rural Infrastructure Fund
NPO	Non-profit organization
OAG	Office of the Auditor General
OCOL	Office of the Commissioner of Official Languages
PA	Program Activity
PAA	Program Activity Architecture
RCM	Regional County Municipality
R&D	Research and development
RSI	Regional Strategic Initiative
SDS	Sustainable Development Strategy
SICEAI	Softwood Industry and Community Economic Adjustment Initiative
SME	Small- and medium-sized enterprise

Appendix 5

Agency Business Offices

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Tel.: 819-825-5260 • 1-800-567-6451
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Fax: 418-368-6256

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Laval, Quebec H7T 2S3
Tel.: 450-973-6844 • 1-800-430-6844
Fax: 450-973-6851

Mauricie
Immeuble Bourg du Fleuve
25 des Forges Street, Suite 413
Trois-Rivières, Quebec G9A 2G4
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Appendix 6

Resource-person and statute administered

Resource-person for further information

André Cliche
Director General
Departmental Performance Branch

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Statute administered (Fiscal Year 2006-2007)

The Minister of the Economic Development Agency of Canada for the Regions of Quebec has sole responsibility to Parliament for administering the following statute:

Economic Development Agency of Canada for the Regions of Quebec Act *(S.C. 2005, c. 26)*